

# THE TIMES

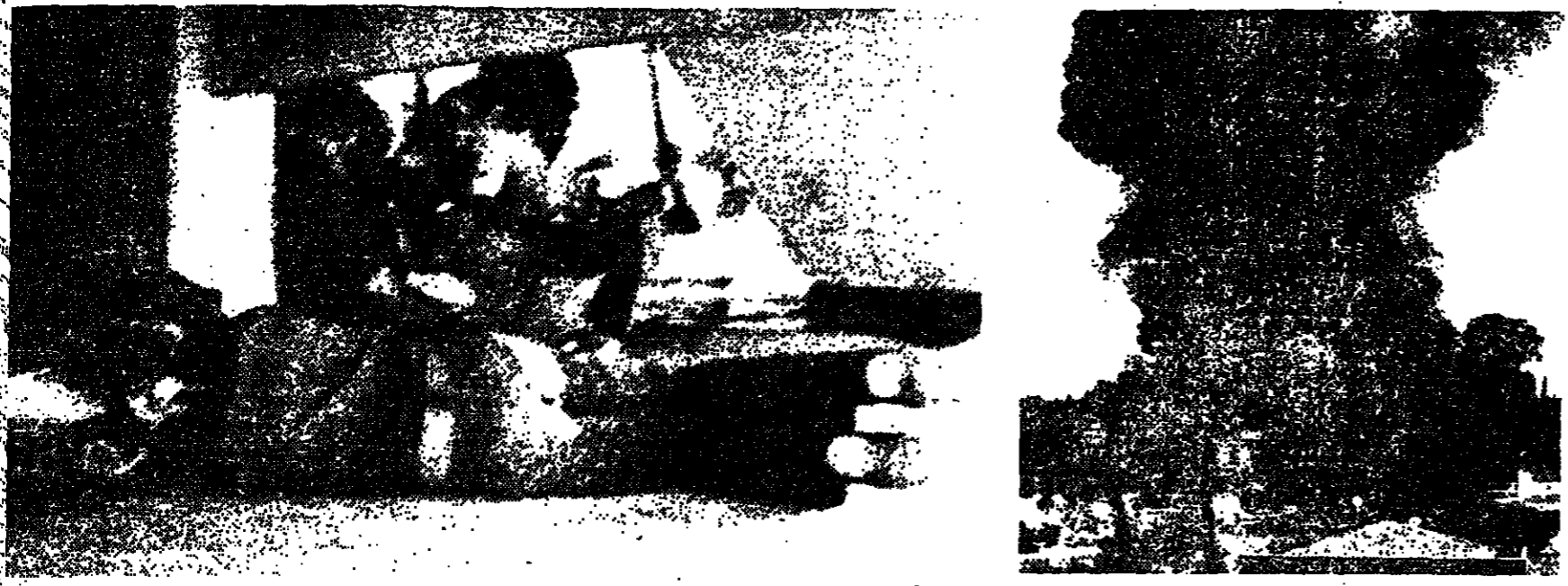
How Britain could pay now to buy later, page 12

## War again in Cyprus as Turks strengthen grip

They last night controlled most of the eastern third of Cyprus after its had launched air, artillery and attacks in the early morning, two after peace talks collapsed in va. Turkish tanks were advancing on Nicosia. The United Nations announced that a ceasefire had been

agreed in Nicosia alone, but even there firing was still being reported. Reuter said the Turks had reached Nicosia airport, but had not tried to take it from the United Nations forces holding it. Greece responded to the Turkish attack by withdrawing its armed forces from the North Atlantic Treaty Organization. The Security Council met and ordered

an immediate ceasefire in Cyprus, calling for a resumption of peace negotiations in Geneva. In Ankara, Mr Ecevit, the Turkish Prime Minister, said his service commanders had assured him that the military operation would be completed in a very short time. He did not believe the conflict would lead to all-out war

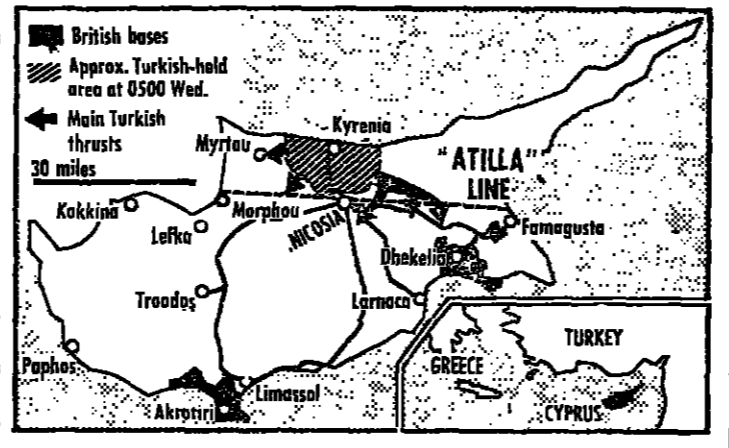


Under Turkish attack: Greek Cypriot soldiers take cover from a mortar barrage; a column of smoke rises after a rocket strike from the air.

## Turks' onslaught is aimed at cutting off northern third of island from Greek control

Our Special correspondent Aug 14 Turkish tanks and infantry towards the resort town of Famagusta today behind air attacks and artillery bombardment on three of the main Turkish assault areas east and west to create a so-called Atilla Line, cutting off the northern third of the island from Greek control. Turkish tanks and infantry moved towards the resort town of Famagusta today behind air attacks and artillery bombardment on three of the main Turkish assault areas east and west to create a so-called Atilla Line, cutting off the northern third of the island from Greek control.

other strike against UN positions, four British soldiers were injured. By midday shelling ringed the capital, Turkish jets dived on Greek positions around the airport and along the Myrtou and Kythrea roads. There were also a series of air strikes on Greek artillery positions along the Larnaca and Limassol roads. Elsewhere in the island fighting broke out between Greek and Turkish Cypriots at Kokkina and Larnaca where the Turks have sizable enclaves. Both villages are about 45 miles west of Nicosia and had been reinforced after the Turkish landing. Just before midday a Turkish jet fighter fired rockets at the Nicosia Hilton hotel which is being used as a centre for the International Red Cross. Since early morning Greek Cypriot families have converged on the hotel for protection. Windows were shattered as the rockets exploded in the front courtyard but there were no casualties. A huge white sheet with a Red Cross painted on it had earlier been spread out on the roof of the hotel. In the first wave of air strikes the Turks bombed and strafed National Guard and police headquarters, the radio station and the fringes of Nicosia airport. Another target was the Nicosia psychiatric hospital, where 28 patients were injured. The hospital was bombed by the Turks in the early days of their invasion and 30 patients were injured.



## 20,000 refugees flee Famagusta raids

From Paul Martin Famagusta, Aug 14 The road into Famagusta was crowded early today with Greek Cypriot families fleeing from the resort. Fear had swept through the community since the Turkish build-up on the island. The Turks are coming, the Turks are coming, said a man hurrying past with his family. "Turn back, don't go any further. The Turks are coming with their tanks. You will not be safe." Every civilian I passed called the same warning: "The Turks are coming." War came early to Famagusta. Turkish jet fighters bombed and strafed the near deserted town as columns of tanks and infantry pushed towards its approaches. The town, the principal port in Cyprus, is the main target in Turkey's new offensive.

## Shares slide follows profit fall by Unilever

Nearly £64m was wiped from the stock market value of Unilever Ltd yesterday as share prices plunged yet again. After announcing disappointing profit figures, the large food and detergent group saw its price slump from 255p to 220p by the close of dealings. The market value of the group's Dutch arm, Unilever NV, fell by £10.5m. Unilever's collapse led the way for other shares and the Financial Times 30-share index fell by 10 points to 214.3, its lowest point since February, 1959. Other leading shares to reach new low levels included ICI, Courtauld's, Beecham Group and British American Tobacco. The stock market had been expecting Unilever to turn in higher second quarter profits, although not as high as the 31 per cent increase in the first quarter. In the event, the combined profits of the British and Dutch operations emerged 7 per cent down at £89.8m. Business News, page 15

## Index-linked mortgage in Liberal plans to assist home-buyers

By Our Political Staff west coast of England with Mr Cyril Smith, MP for Rochdale. From the hovercraft Mr Thorpe will address crowds on the beaches. Confident that people will turn out whatever the weather, he stoutly proclaims: "We are all quite good sailors." Whether the manifesto will be ready by August 28 is doubtful, but whenever it comes it will contain some radical schemes for helping people to become owner-occupiers for the first time. Three proposals will be put forward: an index-linked mortgage, a low-start mortgage, and an equity mortgage. An index-linked mortgage would carry a low rate of interest to begin with, but thereafter capital repayments and interest charges would rise according to the rate of increase in the cost of living. The scheme would be designed to help those who would have the greatest difficulty in buying their house in the first place but who could maintain it. Continued on page 2, col 4

## Princess honoured for Mall bravery

Princess Anne, who is 24 today, has been honoured by the Queen for her "calm and brave" behaviour when an attempt was made to kidnap her in March. Captain Mark Phillips, her husband, also gets an award for his "excellent conduct" during the incident in The Mall. The Princess, it was announced yesterday, has been appointed a Dame Grand Cross of the Royal Victorian Order and Captain Phillips a commander of the order. Miss Rowena Brasse, the lady-in-waiting who was in the royal car at the time, becomes a member (fourth class). The George Cross has already been awarded to Inspector James Beaton, Princess Anne's personal detective, who was wounded in The Mall; and other policemen and passers-by who intervened have received medals. A Buckingham Palace announcement yesterday said: "The Queen is taking the opportunity of Princess Anne's twenty-fourth birthday to show her appreciation and to express her admiration of the Princess's calm and brave behaviour throughout the incident in The Mall last March. The Queen also wishes to recognize the excellent conduct of Captain Mark Phillips and Miss Rowena Brasse. Awards in the Royal Victorian Order are made personally by the Queen and are given for services to the Sovereign and members of her family. The Princess will have GCVO after her name, and Captain Phillips CVO. Princess Anne is the fifth royal lady to be a Dame Grand Cross. The others are Princess Margaret, Princess Alice, Duchess of Gloucester, Princess Alexandra and Princess Alice, Countess of Athlone. The Princess and her husband are staying with friends in Ayrshire and attending riding events in the area. The Queen, the Duke of Edinburgh, Prince Andrew and Prince Edward arrive at Balmoral Castle today for their summer holiday. They will be joined later by the Prince of Wales and it is expected that Princess Anne and Captain Phillips will spend a few days at the castle.

## 47 killed in Caribbean air crash

Caracas, Aug 14.—A Venezuelan airliner today crashed into a hill on the Caribbean island of Margarita, killing 47 of the 48 people on board, it was announced. The only survivor was the copilot of the Aeropostal Vickers Viscount turbo-prop airliner, Señor Ivan Magallanes, who was taken to hospital. An official source said the other 44 passengers and three crew died when the four-engined aircraft crashed in a forest about 20 miles from Porlamar airport and burst into flames.—Reuter.

## Rock kills Briton on Eiger west face

Grindelwald, Aug 14.—Mr David Knowles, aged 27, was killed yesterday when he was struck by a falling rock on the Eiger in the Bernese Oberland. Mr Knowles was participating in filming on the west face of the mountain.—AFP.

## Yard hunt for London airport saboteur

By Clive Borrell Scotland Yard detectives and investigators of the British Airports Authority have begun a search at Heathrow airport, London, for a saboteur who has tried to wreck two airliners. Both aircraft, Boeing 707s, belonging to Nigeria Airways, have been seriously tampered with during maintenance and servicing at the airport. All other airlines using Heathrow's servicing and maintenance facilities have told their own security staff to double-check employees' background references and the work they do.

Every aircraft maintenance man at Heathrow has been interviewed and shown two pieces of metal which, the police say, were deliberately secreted behind secondary air inlet doors of the turbofan engines. One piece was six inches square and U-shaped, and the other was only about 2 inches long. Both, however, were placed in such a position that they would have been sucked into the engines as the aircraft reached full thrust before take-off. The first sabotage attempt was discovered on July 4 by a ground test crew while they were giving Boeing SN-ABK a full thrust examination before allowing it to return to schedule service. As the engine came up to full thrust there was a muted explosion. Examination showed that a small piece of steel had been sucked through the turbine. On July 12 the aircraft's sister, Boeing SN-ABJ, was found to have been tampered with only a few minutes before engineers were to switch on and rev up the turbines. Again a piece of metal had been left deliberately behind the secondary air inlet doors and would have been sucked into the turbines at a time of full thrust.

## Ecevit says end will be quick

By Our Diplomatic Staff Britain will not get directly involved in the Cyprus fighting on her own, Mr Callaghan, the Foreign Secretary, said last night. Asked on the BBC's nine o'clock television news if unilateral action was a possibility, he said: "I think not, indeed, I would say certainly not unless of course our sovereign bases were attacked." "We have been very ready to give assistance to the United Nations in order to deter armed attack by any of the powers. We have fulfilled our responsibilities to the United Nations in that way, but there is no prospect of British unilateral action. That would make the situation even more confused, and worse." Asked what action Britain would take as a guarantor power of the Cyprus treaty, Mr Callaghan said: "The guarantors are empowered and responsible for consulting with each other if there is any danger to the integrity of the island, as indeed there has been." They were also responsible for taking action to defend that integrity, but what kind of action was not specified. "In my judgment the best action is the action we have taken for six days, trying to get the people

## Mr Callaghan rules out unilateral action

concerned around the conference table to hammer out a solution. The next moves towards ending the fighting in Cyprus were discussed by Mr Callaghan and Dr Kurt Waldheim, Secretary-General of the United Nations, when the Foreign Secretary returned to London on an RAF flight yesterday. Diplomatic efforts having failed so completely, there seemed to be little opportunity of a new initiative succeeding. Dr Waldheim, who later called on Mr Wilson at 10 Downing Street, is understood to favour a further meeting of the Security Council. Mr Wilson had broken his holiday in the Scilly Isles to fly back to London for urgent discussions following the breakdown of the Geneva conference. Mr Callaghan did not disguise his pessimism at the extremely grave situation in Cyprus yesterday. The prospect of a settled solution on the island has been put back for some years, in his view. The feeling in London is that Turkey was never really committed to making the conference a success; or rather, that the Turkish Government may have started out at Geneva seeking a diplomatic solution, but was over-borne by the army.

## Thousands of Britons have their holidays cancelled

By Stewart Tendler Fresh fighting in Cyprus resulted in the cancellation of holidays yesterday by the Association of British Travel Agents. The national council of ABTA met and recommended to its members that the cancellations should run until the end of August at least. Corfu was exempted while further information was being obtained. Both the council and the Foreign Office have looked at contingency plans to evacuate the thousands of tourists already in the area. ABTA estimates there are 30,000 British holidaymakers in Greece and Turkey. The West German Embassy estimated that there are 32,000 West German nationals in the area as well. The ABTA statement said that tourists whose holidays were cancelled would be given alternative holidays, a cash refund or in exceptional cases a credit note. During the day there was confusion about flights in and out of Greece and Turkey. British Airways said Turkish airspace had been closed and Greek airspace was considered a dangerous area. Flights to both countries were suspended and passengers on the four flights involved were turned away at Heathrow airport. A British Airways flight to Tel Aviv, which would have passed through Turkish airspace, was also cancelled. Olympic Airways, the Greek national airline, continued flying. A spokesman in London said many Britons are in the area and where they are situated. The holidaymakers in Greece are being advised to leave if they can and Britons planning holidays in the area have been advised against going. With flights cancelled or cut, the only way for Britons to come home is by road or rail. Reports have been received that tourists are leaving Turkey but the Foreign Office said they had no confirmation of this. A number of passenger ships have cancelled visits to ports in the area. No country is reported to have launched plans to bring home its nationals so far but West Germany has set up an emergency centre in Bonn.

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## Security Council issues new ceasefire call

By Our Diplomatic Staff New York, Aug 14.—The United Nations Security Council issued a new ceasefire call for the immediate resumption of peace talks in Cyprus. The 15 members of the council voted unanimously to the new call after Britain, France and Cyprus called for a ceasefire following the collapse of peace talks in Geneva. The debate lasting three and a half hours ended with the representatives of Cyprus on one side and Turkey on the other side each other for the first time since the start of the talks.—UPI

## Greece withdraws its forces from Nato in protest

From Mario Modiano Athens, Aug 14 The Greek armed forces were pulled out of Nato today just as the Prime Minister ordered that the Greek armed forces should be withdrawn from Nato. Greece shall remain a member of the alliance only in connexion with its political aspects. The decision was later "unanimously approved" at an emergency Cabinet meeting, which was joined by Mr George Mavros, the Deputy Prime Minister and Foreign Minister, who arrived directly from the airport after flying in from Geneva. The decision was regarded by Western diplomats here as an emotional outburst, probably calculated to convey to the West, particularly to the United States and Britain, the full extent of Greek frustration, and press them into action. Mr Karamanlis, in a statement deploring Turkey's behaviour, said he relied on the Security Council to take the necessary decisions to "prove whether the United Nations organization had any reason to exist." He added that "on her part, Greece shall take all the appropriate measures to confront an attack which was mounted not only against the independent state of Cyprus, but also to the Security Council." Continued on page 4, col 6

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HOME NEWS

Sharp rise in cases of drunkenness among young people

After Evans Affairs Correspondent... The greatest absolute increase in drunkenness offences was from 19,193 to 21,657 in the group of men aged between 21 and 29.

Eight again remanded in bomb plot case

From Our Correspondent Birmingham... Strict security was again imposed by the police in Birmingham yesterday when eight men appeared on remand before Mr John Milward, the magistrate, on bomb plot charges.

Swedish Prime Minister intent on developing social justice as an instrument of foreign policy

From Roger Choate Stockholm, Aug 14.—Non-aligned Sweden is pursuing a foreign policy line which emphasises what it believes are the perils of super power hegemony, according to western diplomatic sources.

Restraints on secret services of Italy

From Our Own Correspondent Rome, Aug 14... Some shadowy assertions are heard here today of radical change in the counter-espionage service of the Ministry of Defence.

The destruction was ordered three years ago by a parliamentary commission of inquiry.

Public workers' legal need

Public workers must have a legal knowledge of the law, a report said yesterday, that all students on evening courses in social work should have a basic programme of legal studies.

Slow-motion sightseeing on Copenhagen's only licensed 'taxi-bike'

Tourists pay £6 an hour, including use of raincoat in bad weather.

EEC holidays curtailed for farm crisis

From David Cross Brussels, Aug 14... Members of the European Commission will be curtailing their summer holidays to return to Brussels to prepare for a special emergency meeting of Ministers of Agriculture of the Nine early next month.

Paris takes some time off from motor traffic

From Richard Wieg Paris, Aug 14... At the height of the August holiday season Paris has decided to make a gesture to the tourists, foreign and French, who are so often annoyed, and sometimes even endangered by motor traffic.

Slander charge against porter in Italy bomb case

Bologna, Aug 14.—Police today arrested Signor Francesco Sgro, a porter at Rome University, who has claimed that he was paid 1m lire (£700) by the neo-fascist MSI party for falsely implicating left-wing students in the Bologna train bomb attack last week.

How to keep the Welsh language alive

Trevor Fishlock... Professor Williams, Professor of Education at University College, Aberystwyth, was addressing the Celtic Congress, attended by 700 people from Wales, Scotland, Ireland, Brittany, the Isle of Man and Cornwall.

Paris takes some time off from motor traffic

Paris is behind other capitals and big cities in respect of traffic free areas, but the Paris municipal council has decided on this experiment, suggested by all people by the Touring Club de France.

Salvage firm fined in Torrey Canyon case

From Our Correspondent Penzance... The Celtic Ocean Salvage Company, of St Ives, Cornwall, was fined a total of £200 with costs of £320 by Penwith magistrates at Penzance yesterday, on six charges of landing part of a propeller and failing to hand it over to the Receiver of Wrecks.

Clay Cross 11 say they will not pay interest

From Our Correspondent Chesterfield... The 11 former councillors at Clay Cross, Derbyshire, said yesterday that they would contest a claim for 7 per cent interest on the £6,985 which they have been surcharged for failing to collect higher rents while they were in office.

Drug charges against son of Elizabeth Taylor

Michael Wilding, aged 21, son of Elizabeth Taylor, the actress, appeared on bail at Aberystwyth Magistrates' Court, Dyfed, yesterday, charged with possessing cannabis resin and cultivating a cannabis plant.

French lorry driver fined for trial

French lorry driver fined for trial... Raoul Robert, aged 30, of Cherbourg, committed for trial at Chester Crown Court. He released on bail totalling £100.

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Pheasants fitted with radios

Hundreds of pheasants in Hampshire are being fitted with miniature radio transmitters by scientists from the Game Conservancy at Fordingbridge in an attempt to find out why two million of the six million birds released every year vanish before the shooting season.

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10 extension proposed

Proposed M40 extension... The council favours improving the A432 from Oxford to Iffley, by-passing Banbury, to the A41 from Banbury to Iffley.

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Y bridegroom fined £10

Y bridegroom fined £10... A shop manager, broke a shop window and to go to prison rather than pay a fine, was fined £10 by magistrates at Reading, yesterday, for breaking a window.

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On 3 September 1974 First Western Bank and Trust Company of Los Angeles, California, will be renamed Lloyds Bank California. This 94-branch bank, the eighth largest in the state, was acquired by Lloyds Bank on 16 January 1974. A further strength for the Lloyds Bank Group in the fast-growing Pacific basin.



Lloyds Bank Group

CYPRUS

Nato Council reviews damage to southern flank by Greece's withdrawal from military alliance

From David Cross Brussels, Aug 14 The Nato Council today began an urgent appraisal of the military consequences of the Greek decision to withdraw its forces from the alliance. It expressed the hope that the Greek Government's action would prove to be only temporary and would be reconsidered as soon as possible.

Officials also felt that the decision had been taken partly for military reasons in order to prevent the Turks from learning too much about Greek troop and air movements. At Nato command centres, all military movements are monitored and the information is readily available to other Nato member countries.

More recently Greece has also been called upon to look southwards, where the Soviet naval squadron in the Mediterranean has presented a new challenge. Greece's departure from the military organization of Nato means the loss of an army of 120,000, a 22,000-man Air Force and an 18,000-man Navy.

Mr Ford is active in US ceasefire moves

From Patrick Brogan Washington, Aug 14 The United States Government has issued a statement deploring Turkey's resumption of military action in Cyprus and calling for an immediate ceasefire. Dr Kissinger, the Secretary of State, has been sending messages to the Greek and Turkish Governments and President Ford is taking an active part in the first foreign crisis of his administration.



Homecoming: Service families disembark at RAF Brize Norton after the flight from Cyprus.

RAF airlift of families begins again

By Henry Stanhope Defence Correspondent The first of 1,700 service families arrived at RAF Brize Norton last night as the RAF began its second major airlift from Cyprus in three weeks. The flight is expected throughout today.

More exposed to the fighting are the 1,400 British troops serving with the United Nations force. These are the Regimental Headquarters and B Squadron of the 16/5 Royal Lancers and C Squadron of the 4/7 Dragoon Guards, equipped with a mixture of Ferrets and Saladis; two squadrons of the RAC Parachute Squadron with Ferrets; and the 2nd Battalion Coldstream Guards.

The RAF contingent, apart from the Phantom squadrons, includes two squadrons of Vulcans, a squadron of Lightnings, a number of Hercules transport aircraft, Whirlwind helicopters, and three squadrons of the RAF Regiment.

Mr Denktash explains objections to delay

From Our Correspondent Geneva, Aug 14 Mr Rauf Denktash, the Turkish Cypriot leader, said today that one reason why he had opposed an adjournment in the Geneva conference to permit consultations with the Greek and Cyprus Governments was that during the recess "they might have brought Makarios from London to replace Clerides."

Mr Gunes faces hostile reporters at conference

By Our Diplomatic Correspondent Geneva, Aug 14 On the morning after the Cyprus conference in Geneva, Mr Turan Gunes, the Turkish Foreign Minister, made one of his declarations to the press which are really a rearguard action.

Nicosia safety zones agreed

Geneva, Aug 14.—Both sides in Cyprus accepted today the establishment of three safety zones in Nicosia by the International Committee of the Red Cross. They are the Hilton Hotel, the Cleopatra Hotel and the Kibis clinic.

Makarios attack on American attitude

By a Staff reporter Archbishop Makarios expressed disappointment last night at the attitude of the United States to the Cyprus crisis.

'Genocide' denunciation by King Constantine

King Constantine yesterday denounced the Turkish offensive in Cyprus as having "all the characteristics of genocide" in a rallying telegram to the Greek Prime Minister, the king, who has a suite at Claridges in London, called on all Greeks to show unity.

Cabinet retains public confidence

Continued from page 1 undermine the institutions and order of the whole world. "Turkey proves to be a threat to world peace. She took advantage of an irresponsible and senseless act in the previous (Greek) regime, to land military forces in Cyprus three weeks ago, on the pretext of restoring legality and protecting the island's independence."

Police break up protest at Turkish embassy

By a Staff Reporter Police broke up a demonstration of angry Greek Cypriots outside the Turkish Embassy in London last night. Clearly in trouble, more than 200 police backed by 24 mounted policemen, lined Belgrave Square. Reinforcements were in the square gardens.

Mr Callaghan blames talks failure on Turks

From A. M. Rendel, Diplomatic Correspondent Geneva, Aug 14 The Cyprus conference in Geneva broke down early today only a few minutes before Turkish aircraft began to bomb Nicosia. In the last hour of the session it became clear that Mr Gunes, the Turkish Foreign Minister, was merely playing out time, and that the Turkish Government had decided to take by force what they had so far failed to obtain by argument.

Mr Gunes, however, then began a long expose of his proposal arguing that there was no point in discussing it in Athens and Nicosia. But Mr Callaghan, the British Foreign Secretary, Mr Mavros, and Mr Clerides had all made plans to adjourn and could have done so without Mr Gunes's consent, if the Turkish Government had not apparently been determined upon an actual breakdown.

Mr Callaghan then stated that he had just sent instructions to the British mission in New York to ask for an immediate meeting of the Security Council. "I believe the situation is extremely urgent. I cannot believe that the Turks would expand their occupation in view of the assurances which I received. There can be no military solution to the problem of the island."

Today, the Republic of Cyprus is the prisoner of the Turkish Army which will find that it will be the prisoner of the people of Cyprus. Mr Mavros followed with a passionate and moving denunciation of Mr Gunes's refusal to permit an adjournment.

Makarios attack on American attitude

By a Staff reporter Archbishop Makarios expressed disappointment last night at the attitude of the United States to the Cyprus crisis. "The United States is the only country which has not exerted pressure on Turkey and have prevented the invasion. It will be an ominous precedent for the security of other small countries," he said.

Cabinet retains public confidence

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By a Staff Reporter Police broke up a demonstration of angry Greek Cypriots outside the Turkish Embassy in London last night. Clearly in trouble, more than 200 police backed by 24 mounted policemen, lined Belgrave Square. Reinforcements were in the square gardens.



Crisis talks: Mr Wilson, who returned from his holiday in the Scilly Isles yesterday, greets Dr Kurt Waldheim, United Nations Secretary-General, at Downing Street.

Vertical text on the right edge of the page, partially cut off, including words like 'Famagusta', 'bombed', 'and shelled', 'all day', 'Continued from page 1', 'Throughout the morning', 'bombers each of six flights', 'strafing runs, blocking the way', 'and setting buildings on fire', 'Big plumes of black smoke', 'rose over a wide area in the', 'Greek Cypriot part of the', 'town. Greek National', 'Guardians fired volleys', 'machine gun fire at the', 'ing jets with no result. It', 'is the second time in a month', 'that the town has suffered', 'heavy Turkish air strikes.', 'On the approach roads', 'the town, a lot of the', 'rescue points out in cars packed', 'with women and children, many', 'strapped to their roofs. The', 'western road had earlier been', 'blocked as Turkish', 'pounded an industrial complex', 'just outside Nicosia', 'pushed their armoured cars on to', 'edges of the main Nicosia', 'Famagusta road.', 'The Turks had amassed the', 'biggest concentrations', 'armour at the eastern end', 'of the Nicosia enclave in preparation', 'for the push', 'Famagusta. In the earlier', 'fighting the Turks had expanded', 'the Nicosia enclave just at the', 'road to Famagusta', 'threatened the important', 'Korea Junction.', 'Kythrea was one of the', 'gets of the Turkish bomb', 'and shelling today. Because', 'is the only remaining', 'concentration between', 'Nicosia enclave and', 'smaller Konodros Chavros', 'enclave, further north', 'were expected to attempt', 'link up.', 'Hard pressed to contain', 'numerically and', 'superior Turkish', 'invade force, the Greeks have', 'left with only a few', 'the area. Should they', 'achieve the link up they', 'a straight run over good', 'country east to Famagusta.', 'Since early morning', 'Greeks and Turks in the', 'have traded mortar fire, and', 'machine gun fire at the', 'walls of the old city.', 'More than 10,000 Turks', 'been besieged in the old', 'since the Turkish inva', 'three weeks ago.', 'Many sought refuge in', 'walled city from outlying', 'in the early hours of', 'an outbreak of war.', 'The strikes were aimed at', 'National Guard and', 'strongholds.', 'The Turks burst out of', 'old city near the wooden', 'bour in earlier fighting', 'were surrounded by', 'the assault carrier Hercules.', 'Shuttered and deserted', 'once bustling town is now', 'war zone. National Guard', 'peer from behind sand-bag', 'emplacements and the', 'of mortar fire draws omin', 'close.', 'Near the Greek-held set', 'of the pool, deep with', 'wounded National Guards', 'drained through the town.', 'Guardians said they had', 'expecting reinforcements. I', 'had no idea where the', 'were in their drive east.', 'They would defend Famag', 'to the last, they said.', 'Police break up', 'protest at', 'Turkish embas', 'By a Staff Reporter', 'Police broke up a demon', 'of angry Greek Cyp', 'outside the Turkish Emb', 'London last night. Clearly', 'in trouble, more than', 'police backed by 24 mo', 'policemen, lined Bel', 'Square. Reinforcements', 'in the square gardens.', 'As soon as scuffles broke', 'among the relatively', 'squad of about 3,000', 'front of the embassy, police', 'the demonstration in two', 'a flying wedge of officers.', 'Then they pushed the', 'halves of the demon', 'back to the corners of', 'square. Rocks and stones', 'thrown.', 'Fifteen people were', 'four of them juveniles.', 'injured people, including', 'policemen, were taken to', 'hospital.', 'The demonstrators, who', 'marched from the Cyprus', 'Commission near Marble', 'A report.', 'The demonstration', 'carried banners recalling', 'Turkish atrocities and', 'Dr Kissinger and the CIA.', 'Gaddafi', 'Ano', 'plo', 'in S', 'Seoul', 'court he', 'terms of', 'an order', 'for the', 'alleged', 'Of the', 'activists', 'was jail', 'years, a', 'and the', 'five to', 'to be', 'number', 'bunal', 'Chung', 'lawing', 'Youth', 'alleged', 'plot—', 'fighting ne', 'supply r', 'ment of', 'action', 'of base', 'central', 'Reuters', 'Presse', 'Phno', 'Khamer', 'the Gov', 'ing H', 'shaped', 'the Me', 'rivers.', 'The', 'said's', 'past's', 'the hi', 'north', 'ment', 'beat', 'ties', 'reports

OVERSEAS

Bangladesh faces increasing threat of epidemics as floodwaters begin slowly to recede

Michael Hornsby, Aug 14. The floods which have been raging in Bangladesh for two months appear to be abating, although several critical epidemics of cholera, typhoid and other diseases will increase as the waters recede. The situation is improving in the northern districts of Bangladesh. The worst-affected regions now form a narrow strip across the middle of the country...



King Husain of Jordan in Seattle yesterday prepares to fly the City of Amman, a Boeing 727 to be delivered to ALIA, the Jordanian airline.

Russian violinist says he wants to go home

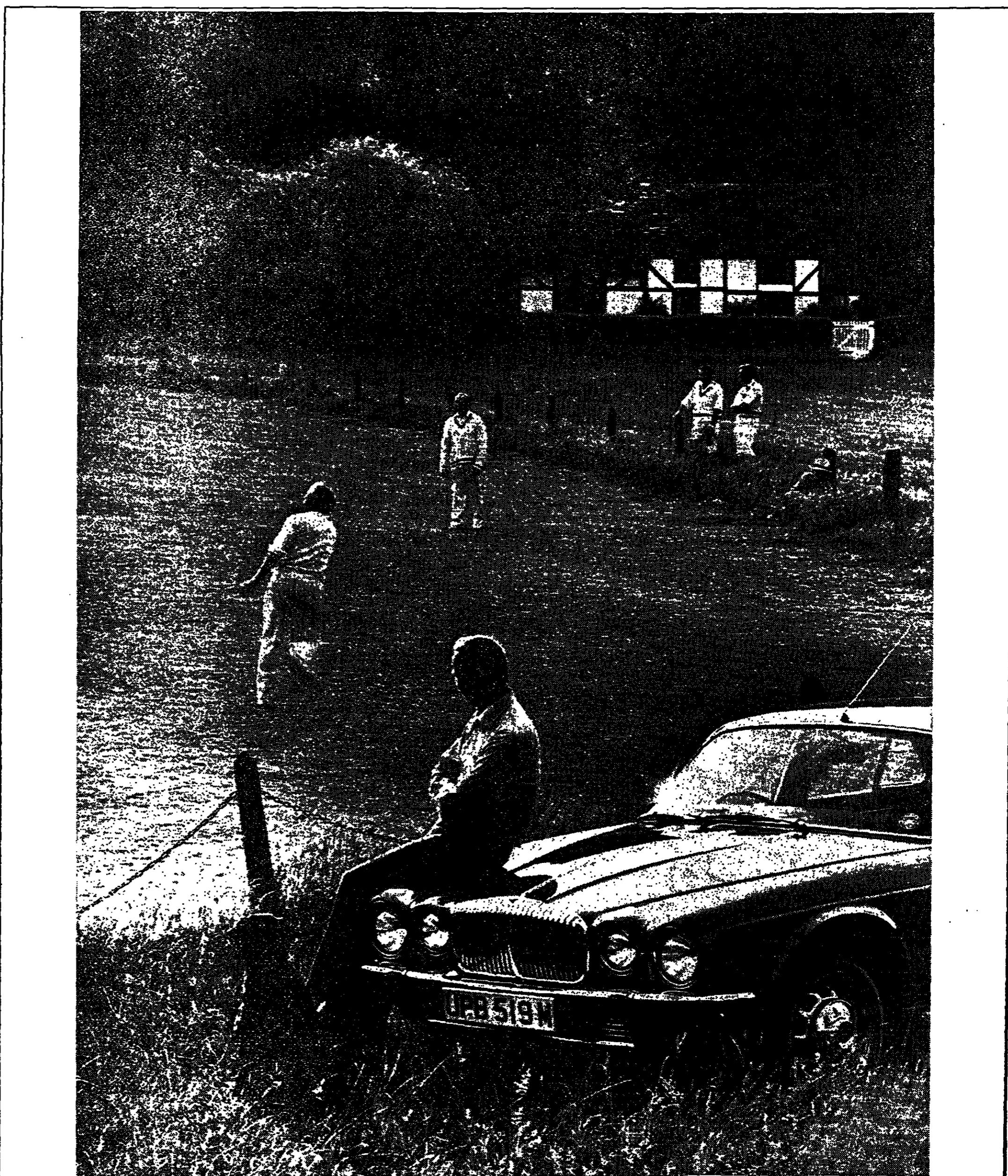
Perth, Aug 14—Mr Georgi Yermolenko, the Russian violinist who was twice prevented by trade unionists from leaving Australia, assured reporters today that he really wants to return to the Soviet Union. He told two reporters who were allowed to see him: "I want to go back as soon as possible—without a homeland a man has no heart." Mr Michael Edgley, an impresario, an official of the Australian Foreign Affairs Department, and Mr Harry Bluck, secretary of the Musicians' Union, were also present at the meeting.

Fundamental rights restored in Pakistan

Rawalpindi, Aug 14. After more than five years citizens in Pakistan have been given back the right to apply to the courts over fundamental rights, providing safeguards from arrest and detention and for freedom of assembly and association. Mr Bhutto, the Prime Minister, said here today that his state of emergency would continue, but he had decided to rescind the order which suspended citizens' rights to apply to the Courts for enforcement of fundamental rights provided in the constitution.

Bill lays down jail terms for aiding objectors

Our Correspondent, Town, Aug 14. South Africans who encourage the refusal of military service will be risking prison terms of up to 10 years or a fine of up to 10,000 rand (R100) or both under a Bill which has been introduced in parliament in Cape Town. The legislation is likely to cause considerable controversy as it is calculated to inhibit any debate on conscientious objection to the lines called for by the South Africa Council of Churches.



The leather and wood have a strange magic; there is a soothing calm, and the pleasing reassurance of something traditional, familiar and very British. Sporting, gentlemanly, restful—with the promise of excitement, this is part of a very special kind of world... Daimler

EC seeks worldwide help to combat drug smuggling

Brussels, Aug 14.—The European Commission today asked the United Nations Conference on the Law of the Sea to maintain freedom of navigation on high seas but to move against drug traffickers and pirate radio stations. The draft submitted by the EEC members maintained the principles already in the Convention on the High Seas which remain valid as a whole that they must stay in force for areas beyond territorial waters. The EEC proposal thus runs counter to the wishes of a number of coastal nations and developing countries, which want to extend their jurisdiction to the whole of the proposed 200-mile economic zone.

Lonel Gaddafi's four henchmen free

Geneva, Aug 14.—Libya has freed four guerrillas who hid in a Japanese airplane in the forest it had left Holland last year, then blew it up at Benghazi airport. A spokesman here today said a report in a Beirut newspaper had added that the guerrillas include a Japanese, who was freed in Damascus yesterday. A newspaper said that the leader, personally the decision to release the henchmen after approaching the Yasir Arafat and Palestinian guerrillas. —Reuter.

Heavy fighting near vital Vietnam supply route

Hanoi, Aug 14.—Heavy fighting erupted round the Hoai Nhon in South Vietnam's central coastal area Highway 1, a crucial supply route, the Saigon Press said today. More than 70 communists were killed in a clash yesterday, while Government losses were two killed and one wounded. The Viet Cong hit a mental hospital destroyed six houses, but did not burn itself. A spokesman here said that 80,000 people had been freed from Government control and 12,600 Government troops put out of action in a month-long series of battles in the northern and central parts of the country. —Reuter and Agence France-Press.

Another 36 'plotters' jailed in S Korea

Seoul, Aug 14.—A military court here today passed prison terms of from five years to life on another 36 South Koreans for their involvement in an alleged anti-Government plot. Of the group, believed student activists for the most part, one was jailed for life, 13 for 15 years, another 13 for 12 years and the remaining nine for from five to 10 years. This brought to 135 the total number convicted by the tribunal under President Park Chung Hee's April decree outlawing the National Democratic Youth Student League, who are alleged to have concocted the plot. —Agence France-Press.





SPORT Racing

Eddery's clouds have a silver lining

By Michael Phillips Racing Correspondent When Jack Colling was training at West Ilsley the stable's runners at the York Ebor meeting invariably attracted a huge following...

Company Sergeant, the favourite, was written without comment under the starter's orders because he was kicked just above his hock on his hind leg as the field began to make their way around behind the stiffs...

Company Sergeant, the favourite, was written without comment under the starter's orders because he was kicked just above his hock on his hind leg as the field began to make their way around behind the stiffs...

Hide should maintain Catterick record

By Jim Snow Northern Racing Correspondent Catterick has been his hard in the past few days and Folkstone had to be abandoned because of rain on Tuesday...

The course could, indeed, offer perfect going, and the managing director, Major Leslie Perch's theory, expressed more than a few times, is that the weather the week before York in August is often balanced the next week by a fine and sunny spell...

French racing Gay Style for another Deauville victory

From Pierre Guillot French Racing Correspondent Deauville, Aug 14 There are no valuable group three races at Deauville tomorrow each of which will be contested by strongly fancied English-trained victors...

Gay Style began the season by finishing second to Ace of Aces, the lucky winner of last month's Sussex Stakes at Goodwood. Last year she won the Prix de la Nonette at Longchamp, beating Aller France by over four lengths...

Salisbury programme

Table listing race details for Salisbury, including 2.0 NETTON HANDICAP (533: 1m) and 2.3 WHITCHURCH PLATE (Div 1: 2-y-o: £587: 7f).

Newton Abbot programme

Table listing race details for Newton Abbot, including 2.15 WOMBAT HURDLE (Handicap: £442: 2m 5f) and 2.45 TORRIDGE STEEPLECHASE (Novices: £272: 2m 150yds).

Plumpton programme

Table listing race details for Plumpton, including 2.15 STREATH HURDLE (Handicap: £204: 2m) and 2.45 WORTHING STEEPLECHASE (Novices: £204: 2m).

Belgian racing Common Land's chief rival may be Uncle Remus

From Our Special Correspondent Ostend, Aug 14 Common Land, trained at Newmarket by Michael Jarvis, should win the £5,500 Grand Critérium International at Ostend tomorrow...

Salisbury programme

Table listing race details for Salisbury, including 2.3 WHITCHURCH PLATE (Div 1: 2-y-o: £587: 7f) and 3.0 OGBOURNE HANDICAP (2-y-o: £602: 6f).

Newton Abbot programme

Table listing race details for Newton Abbot, including 3.15 ERNE HURDLE (3-y-o: £442: 2m) and 3.45 BOVEY STEEPLECHASE (Handicap: £442: 3m 2f 105yds).

Plumpton programme

Table listing race details for Plumpton, including 3.15 BRIGHTON HURDLE (Handicap: £442: 2jm) and 3.45 CHALEY HURDLE (Novices: £170: 2m).

Belgian racing

From Our Special Correspondent Ostend, Aug 14 Common Land, trained at Newmarket by Michael Jarvis, should win the £5,500 Grand Critérium International at Ostend tomorrow...

Salisbury programme

Table listing race details for Salisbury, including 4.0 SARUM HANDICAP (5629: 11m) and 4.30 UPAYON STAKES (3-y-o fillies: £578: 14m).

Newton Abbot selections

Table listing race details for Newton Abbot, including 4.15 AVON HURDLE (Handicap: £272: 2m 150yds) and 4.45 WALTHAM HURDLE (Handicap: £272: 2m 150yds).

Plumpton selections

Table listing race details for Plumpton, including 4.15 JUVENILE HURDLE (3-y-o: Novices: £170: 2m) and 4.45 PLUMPTON STEEPLECHASE (Handicap: £368: 2m).

Show jumping Macken back to Hickstead for derby meeting

By Pamela Macgregor-Morris Ireland's Eddie Macken, runner-up to Hartwig Steenken of West Germany for the men's world championship at Hickstead last month, returns to the British show jumping scene...

Catterick Bridge programme

Table listing race details for Catterick Bridge, including 2.15 STAINPOND PLATE (3-y-o: £276: 7f) and 2.45 PADDOCK HOUSE PLATE (2-y-o fillies: £276: 5f).

Salisbury results

Table listing race results for Salisbury, including 2.0 NETTON HANDICAP (533: 1m) and 2.3 WHITCHURCH PLATE (Div 1: 2-y-o: £587: 7f).

Salisbury selections

Table listing race selections for Salisbury, including 2.0 NETTON HANDICAP (533: 1m) and 2.3 WHITCHURCH PLATE (Div 1: 2-y-o: £587: 7f).

Fontwell NH

Table listing race details for Fontwell NH, including 4.0 SARUM HANDICAP (5629: 11m) and 4.30 UPAYON STAKES (3-y-o fillies: £578: 14m).

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Yachting Disqualified US winner dominates again

Long Beach (California), Aug 13—The United States and Sweden dominated the second race of the Flotilla Gold Cup world championship series here. Henry Sprague III, of Newport, California, who finished first in the opening race and was then disqualified for crossing the starting line too soon, won again today as the US took three of the first four positions...

Catterick Bridge

Table listing race details for Catterick Bridge, including 2.15 STAINPOND PLATE (3-y-o: £276: 7f) and 2.45 PADDOCK HOUSE PLATE (2-y-o fillies: £276: 5f).

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Fontwell NH

Table listing race details for Fontwell NH, including 4.0 SARUM HANDICAP (5629: 11m) and 4.30 UPAYON STAKES (3-y-o fillies: £578: 14m).

Squash racquets

BENONI (South Africa) last triumphed in Great Britain at the 1968 World Championships in London. He was defeated by the Englishman, John Platt, in the final of the 1973 World Championships in London. Platt, who was defeated by the Englishman, John Platt, in the final of the 1973 World Championships in London...



ENTERTAINMENTS

When mentioning the price of any article London Metropolitan Area

OPERA AND BALLET

MUSEUM (01-530 5101) Lyric 7.30 (Wed. Mat. at 5.30) ENGLISH NATIONAL OPERA

DIETZ WELLS THEATRE, Rossby, Mon. 7.30, Sat. 8.0, Sun. 7.0

ANCE THEATRE OF HARLEM night, Tues. 8.0, Sat. 8.0

ONDON FESTIVAL BALLET, Victoria, Sat. 7.30, Sun. 5.0

SNAPS MALTINGS, 14, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100

CONCERTS, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100

THEATRES, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100

TRAVELLERS, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100

THEATRES, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100

TRAVELLERS, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100

THEATRES, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100

TRAVELLERS, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100

THEATRES, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100

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TRAVELLERS, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100

THEATRES, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100

THE ARTS

Two royal premieres for film

Two royal premieres have been arranged for LMI's film Murder on the Orient Express in London and Glasgow.

The royal world charity premiere of the Agatha Christie adaptation will take place at both ABC 1 and 2 theatres, Shaftesbury Avenue, on November 21, in the presence of the Queen, the Duke of Edinburgh, Princess Anne and Captain Mark Phillips.

The Duchess of Kent is to attend the second premiere at the ABC 2, Glasgow, on December 3, in aid of the National Society for Cancer Relief.

CINEMAS

SCENE 2, LEIC. 50, Victoria St., 11.30, 1.30, 3.30, 5.30, 7.30, 9.30. THE EXORCIST, 50, Victoria St., 11.30, 1.30, 3.30, 5.30, 7.30, 9.30.

EXHIBITIONS

CENTURY EXHIBITION, 100, Strand, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30. CENTURY EXHIBITION, 100, Strand, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30.

ART EXHIBITIONS

AGNEW GALLERY, 1, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30. AGNEW GALLERY, 1, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30.

FISHER FINE ART

14 King St., 11.30, 1.30, 3.30, 5.30, 7.30, 9.30. FISHER FINE ART, 14 King St., 11.30, 1.30, 3.30, 5.30, 7.30, 9.30.

COLNAGHI'S

14 Old Bond St., 11.30, 1.30, 3.30, 5.30, 7.30, 9.30. COLNAGHI'S, 14 Old Bond St., 11.30, 1.30, 3.30, 5.30, 7.30, 9.30.

EAST OF ROME

10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30. EAST OF ROME, 10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30.

GERALD M. NORMAN GALLERY

10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30. GERALD M. NORMAN GALLERY, 10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30.

JOSEPH BEUYS

10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30. JOSEPH BEUYS, 10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30.

MALL ART GALLERIES

10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30. MALL ART GALLERIES, 10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30.

MARBLE HILL HOUSE

10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30. MARBLE HILL HOUSE, 10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30.

MARLBOROUGH GRAPHICS LTD

10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30. MARLBOROUGH GRAPHICS LTD, 10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30.

REDFEREN GALLERY

10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30. REDFEREN GALLERY, 10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30.

ROYAL ACADEMY OF ARTS

10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30. ROYAL ACADEMY OF ARTS, 10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30.

SABIN GALLERIES LTD

10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30. SABIN GALLERIES LTD, 10, St. James's, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30.

Munich's nippy Fidelio

Munich's new Fidelio is a mixture of the tried and the experimental. The cast is led by James King and Ingrid Bjorner, who have pulled off many a rescue act between them; only a few years ago they were singing Leonore and Florestan down the autobahn at Salzburg's Felsenreitschule with Franz Crass as a highly dependable Rocco. And Dietrich Fischer-Dieskau, who was in town for the other new production of the festival at the National Theatre, puts in a brief and distinguished appearance as Don Fernando.

The experiment for Munich was the engaging of the British production team of Michael Geliot and Ralph Koltai. It would have been a pleasure to report a success, but that was not to be. Much of Geliot's best work comes when he has the freedom to use his originality without restraint. Faced with a big theatre and the demand for a conventional production he is apt to become hesitant. The Covent Garden Carmen, even after making allowances for a lack of preparation time, was disappointing. And the same applies to this Fidelio for Munich.

The detail in individual character is well observed. Within moments of the curtain going up the sexual pulls in Rocco's household are established: Jacquino pans after Marzelline, who in turn follows Fidelio everywhere with her eyes, while Rocco himself delivers dull little humiliations. But the overall atmosphere is missing. Partially Ralph Koltai's sets are to blame: large, cold grey planes which make the prison look like a new hotel block the local planning committee should not have authorized. The solitary green tree stretching out towards the light as the one in the Felsenreitschule, is a symbol in the first act and then it disappears. Koltai has left Michael Geliot and the singers open areas for movement, but little use is made of them. The chorus is poorly handled. The prisoners move out into the fresh air with the speed of household pets who know the hour of the daily walk, and in the final scene they are paired off with the village girls almost before Fernando has recognized Florestan. The prison guards are a shambling crew; they stand at ease as Pizarro arrives, they cannot march in time and would scarcely insist fear into

of their ability. It looks spectacular, but the impression of being some tricks still in hand would make the more impressive. If there is a degree of ambiguity in spectators' responses to the fact that all the dancers in the company are black, that is partly inevitable: one would be wrong to be normally so something unusual on seeing a white cast, all of whom were six feet tall or had red hair. Mitchell himself adds confusion by wanting both to prove that Negroes can dance classically, and to show their range in works with African or black American inspiration. For one cannot blame him for pride in his young dancers; they are good beyond their years and show every promise of becoming better still.

There is no ambiguity of purpose about Festival Ballet's season at the New Victoria. It is intended primarily for people who want to see something new, but also for those who are looking for a new offering. Prodigal Son in Ragtime, should leave them so inclined. The music is credited to Scott Joplin, Grant Hossack and others. Most of it was written and orchestrated by Hossack in a monstrously bloated instrumentation, often facetious. I can listen to Joplin's recordings of Joplin's piano rags for hours, but a few minutes of this sort of music makes me want to scream. Barry Moreland's ballet has nothing to do with the biblical story. It is about a twentieth-century innocent who endures 70 years of potter's history with growing a day older. Properly developed, the theme might have been rewarding and amusing, but Moreland goes instead for quick, slick effects. He has made it pointless, but also gutless, gormless and tasteless. I am not sure which I find more offensive: the treatment of World War I slaughter and Hitler's demagoguery or the would-be sentimental dragging in of hunger marches. Michael Annals's settings and costumes start with a burst of lavish effect, but many later scenes are given before black curtains, as if either the ideas or the money ran out.

For Paul Clarke, tap-dancing away almost non-stop in the title part, I have every sympathy: he gives the vestigial character glamour and personality; also for Patricia Ruanne, in a disastrous double-work, feasting heavily on his successive temptresses. Kenn Wells does a number of imitations (Chaplin, Helmpmann, Joel Grey) very neatly. The ragged, low-kicking chorus line, however, makes me wonder whatever happened to the real, unbearable English chorus girl.

Another work by Mitchell on this programme, Tones, suffers from the monotonously restricted range of the music by the company's able conductor, Tania Viera Leon. With a different accompaniment, the ingenious variants on standard classroom techniques and conventional double-work might prove to be more effective. I think it is a pity, however, here and in the Corsair pas de deux, to push the dancers to the limit



The final scene: James King, Ingrid Bjorner, Dietrich Fischer-Dieskau, Franz Crass, Claes-Haaken Ahnsjo and Adrienne Cserony

Munich's nippy Fidelio

John Higgins

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Classical to exotic

Dance Theatre of Harlem/Festival Ballet Sadler's Wells/New Victoria

John Percival A third programme at Sadler's Wells has completed the London repertoire of the Dance Theatre of Harlem; the three programmes will each have several more performances until the end of next week. The format is as before, starting with the most classical of the evening's ballets and ending with the most exotic.

John Taras's Design for Strings has been danced in London by several companies under slightly varying titles, but there has never been a better cast than that of Metropolitan Ballet for whom it was created in 1948, with the youthful Berikova, Adams and Bruhn.

The hints of emotion in the classical dance patterns are essentially those of youth, the hopelessness of first love, and the young Harlem dancers come nearer to the original feeling of the work than anyone since the 1940s company.

It is good to see the usually exuberant Paul Russell in a quiet role for once, in the duet with Lydia Abarca, and to know that his range is wider than might have been thought. Susan Lovelle and Gayle McKinney, too, distinguish themselves in the subsidiary women's roles, and the Tchakovsky music, the second movement of his Trio, Op 50, is well enough played to make it desirable to rectify the omission from the programme of the musicians's names.

A doubtful blessing

The Rise and Fall of DDT

Alan Coren The Tuesday Documentary was a tough run this week for anyone still digesting dinner, and there must have been much queasiness by the family fire-side at the sight of little trays of rat livers laid out for comparative analysis; although for my money those were a poor second to Mr Robert Loible, who might be described as a pest controller's pest controller, a man so determined to uphold the good name of DDT that he could be seen gobbling the stuff for breakfast.

Should DDT in fact have a good name? That was the question centrally posed. It is as illuminated a boon as you could shake a stick at, and the programme was quick to remind environmentalists hysterical over the sterility of grebes that the millions of people throughout the world who owe their lives to DDT may feel that the loss of the peregrine falcon is a small price to pay for the wiping out of lice which carry typhus and the mosquitoes which carry malaria.

That DDT has certain deleterious side-effects was proved; that those side-effects are on a far smaller scale than has hitherto been shrilled, however, was what was most worth saying, and the film laid out its arguments lucidly and calmly, with scientific illustration that was concessional to the lay viewer without being condescending to him.

Ask most people why the United States banned the use of DDT, and they would reply that it was carcinogenic; but even I, who believe that every-

A doubtful blessing

thing gives you cancer, since I read a lot of newspapers, could not help being swayed by the evidence that men who work in DDT factories suffer less from cancer than other people, and that sprayers who live in a permanent fine cloud of the stuff, manifest, even after the most rigorous laboratory tests, no ill-effects.

It was, it had to be, an on-the-other-hand programme; given that non-experts have no method of assessing the validity of the arguments proposed or the implication of the statistics adduced, the film had to assemble as many articulate authorities as it could and cross-test them to answer one another. I count it a great credit to the makers, Alec Nisbett and Robin Booth, that they managed to organize the points raised in such a way as to persuade the ordinary viewer that he now possessed enough information to form a reasonable judgment.

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The best thing about Sir Adrian Boult, aged 85, still barely qualifies as a victim of Holst's "Sartura", with whom, according to the programme note at Tuesday's Prom, "protest is followed by resignation and finally acceptance". In a few physical aspects of his conducting it is true, one can easily feel the 40 years or so which separate Boult from Colin Davis, who conducted the first half of the concert.

But conceptually there is hardly any loss of grip, nor is one much aware of that painful gap between concept and execution which so often characterizes the work of aging conductors in music they know by second nature, as Boulton does The Planets.

BBC SO/Davis/Boult

Albert Hall/Radio 3

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# Export Corridors of the World

## INDIA

### Relentlessly rising import prices fire export drive

by Tim Cougdon

As a developing country India has a growing need for foreign exchange to finance economic expansion. The principal imports of machinery, components and spare parts have to be matched by an increasing volume of exports. Because of this the Indian Government has consistently pursued a policy of encouraging exports and a large number of promotional agencies have been set up.

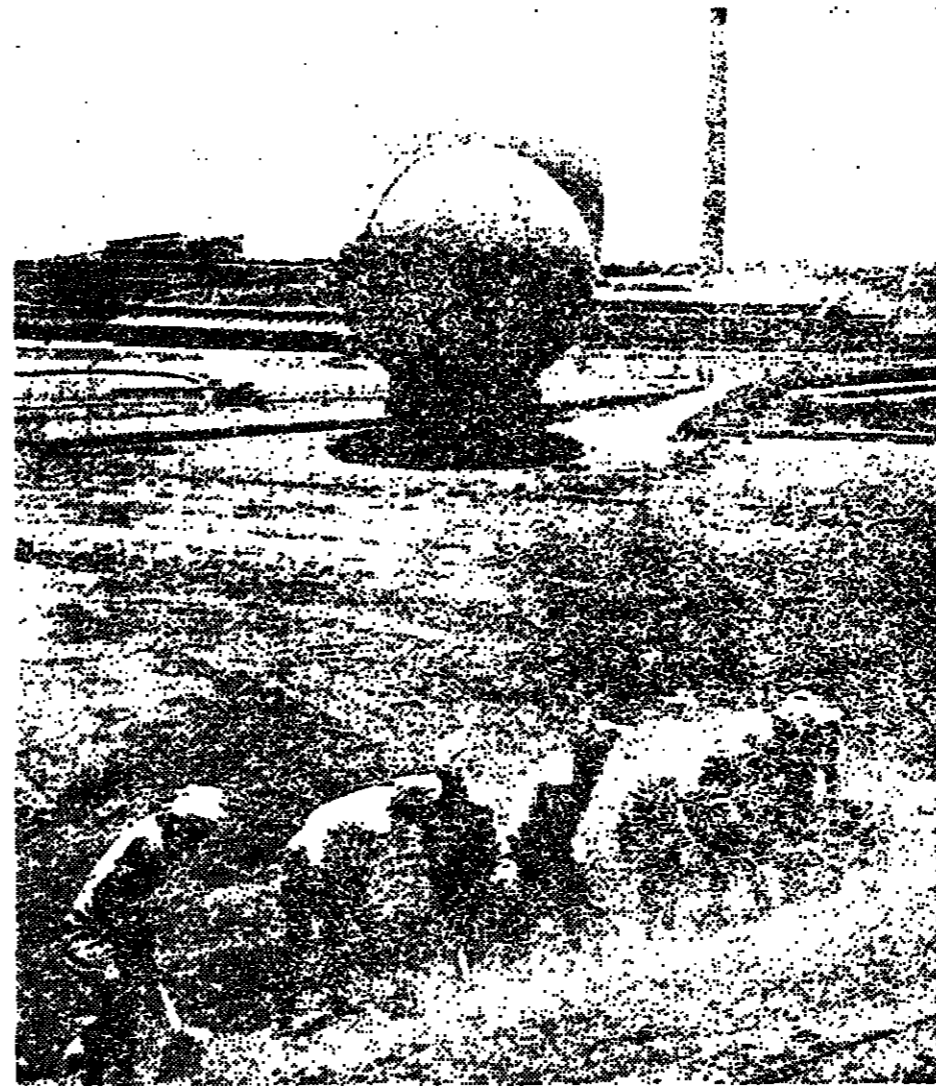
This effort has become even more essential in the last 12 months. The gradual rise in the price of manufactured goods imported from the advanced countries has continued, but has now been accompanied by a sharp and unexpected rise in the price of many commodities imported by India in large amounts. Not only has the price of oil risen dramatically but items such as newsprint, wheat and hops have also become more expensive.

Government policy has been framed with the help of the Federation of Indian Export Organizations, which communicates the views of leading exporting organizations to officials and politicians. Its members are 19 export promotion councils, a number of banks and chambers of commerce. The export promotion councils deal with the whole range of Indian exports, but each specializes on a particular area, for example, there is an engineering export promotion council and a cotton textiles export promotion council.

With this framework it has been easier for the Government to lay down guidelines for private industry and thereby ensure that national objectives are pursued. A further indispensable element in policy has been the setting up of a number of government undertakings and the recognition of export houses.

Government undertakings are most active in import trade because the limited amount of foreign exchange available has to be rationed in accordance with national objectives. It has been felt that the most desirable way of doing this is to entrust the job of importing to government concerns. If a private individual or concern wishes to import something it has to obtain a licence from the Ministry of Finance and see that the transaction is handled by one of the government undertakings.

With the new urgency of an improvement in exports these are taking an increasing share in the export trade. The policy of directing exports through them is known as "canalization" and has been a marked feature of the past three years. The State Trading Corporation, with its many subsidiaries and the Minerals and Metals Trading Corporation are the



Two aspects of India's problem economy: a bad monsoon could cut the wheat harvest these villagers are gathering near Calcutta. The Atomic Centre at Trombay, near Bombay: energy without costly oil imports.

principal organizations involved. The other set of institutions closely influenced by government measures are the export houses. There are about 250 such houses, all of which hold this special status from the Government. It entitles them to certain fiscal incentives, special export credit facilities and to conduct trade in some articles prohibited to ordinary commercial organizations. To qualify for these special privileges an export house has to have exports of Rs2.5m in non-traditional exports or of Rs20m in traditional exports.

The distinction between traditional and non-traditional exports is fundamental to the planning process and to government thinking in general. There is a determination that India must not remain a seller of primary products and a buyer of finished goods into the indefinite future.

Non-traditional exports include such items as engineering products, iron and steel and footwear. Traditional exports include such items as tea, jute and cotton textiles. In 1973 the value of non-traditional exports exceeded that of traditional exports by Rs1,500m. During the fifth plan traditional exports are expected to stagnate and should stand at only Rs8,400m in 1978, just Rs600m above their present value. But non-traditional exports should climb to Rs15,120m, with engineering products, for example, showing a spectacular rise from Rs1,500m to Rs4,000m.

The Indian Government considers this to be in part a policy of diversification. With a wide range of exports it should be possible to withstand the adverse effects of wild fluctuations in the price of commodities on the world market. This is receiving priority as two of India's major exports, tea and jute, have been severely hit in recent years by world conditions. There is a long-term caste change from tea to coffee, even in markets such as Britain where tea has long been dominant. Jute, on the other hand, has suffered from the competition of a number of artificial fibres and synthetic materials.

But it has other objectives. One of the weaknesses of the economy in the past is that "unit value realization" has been low. What this means is that each unit of exports sent from India commands a low price, mainly because it is in an unfinished or unprocessed condition. There have been a number of attempts, therefore, to ensure that a higher proportion of "value added" is added in India.

These have taken a variety of forms. The first is a set of fiscal incentives for exporters. If they intend to send products abroad when they have been completed import licences required for production are granted more readily. If there is an import duty

rebate on this duty is given. Occasionally straight subsidies are granted to exporters, although this is unusual. An exception is the practice of providing subsidized freight-space on Air-India, if a particularly valuable order is at stake.

This policy of fiscal inducements is being continually reviewed and refined. On April 1 last year, for example, a directive was issued to firms saying that the grant of an import licence for raw materials would be easier if they would then be used for exports with more than 25 per cent of value added in India. If the proportion of value added was under this the licence might be refused or delayed.

Secondly, quotas are occasionally placed on exports of unfinished goods. For example, the rapid growth of tanned leather exports was regarded unfavourably in the early 1970s because it would be further processed then manufactured in other countries, suggesting that India had missed an opportunity for its own industry. In 1973 a quota was placed on all the private companies operating in the export of tanned leather. It was hoped that, by obliging them to establish factories, it would increase employment, as well as augmenting unit value realization.

Thirdly, exporters are given good credit terms by the major banks. They are usually charged a rate of interest 2 per cent or more less than the going commercial rate, as well as being given preference over less essential domestic borrowers.

But the size of the interest rate discount and the availability of loans are conditioned by the comparative importance of different exports. The export of engineering goods is generally given substantial encouragement and there are few difficulties with finance.

However, it is not only the tendency of government policy which matters but also the port and transport facilities at hand for dealing with a rising volume of exports. Bombay is the most important port in India and the commercial and financial centre. In 1972 it handled 15,500,000 tons, but this was mainly on the importing side.

The major exporting corridors are, in terms of volume of cargo, Calcutta and Madras. Although Calcutta is facing increasing problems because of the silting of the Hooghly a satellite port at Haldia has been constructed. The traditional exports of tea and jute pass through Calcutta, although it is increasingly important for the export of engineering goods.

Madras is foremost in the export of leather and certain handloom textiles. A new outer port is under construction there—and at another major port a few hundred miles farther north along the eastern coast, at Vizagapatam—which should be able to handle ships of up to 150,000 tons.

### Monsoon holds key to stable economy

A variety of new port developments are at different stages of completion. Two major ports at Mangalore and Tuticorin are expected to be commissioned this year, with Mangalore already pre-eminent in the export of coffee. Mormugao, in the former Portuguese colony of Goa, handles large tonnages, principally because its main export is of iron ore.

These developments should serve to reduce turnaround times for vessels delivering cargoes to Indian ports. But, more important, they will clearly contribute to a more rapid expansion of exports as a whole.

Vital to the recent upswing in exports has been a competitive exchange rate. Government policy is basically to maintain parity with the pound. Since 1971, as the pound has floated steadily downwards, the value of the Indian rupee has declined in relation to most currencies, making Indian goods cheaper throughout the world. This has stimulated export sales, particularly of items like cotton textiles and seafoods where demand varies according to price.

But there are no plans for any further adjustment of the exchange rate. The facts that orders continue to rise, and that an ever broadening range of products is being sold overseas, demonstrate India's ability to withstand higher oil prices, the fertilizer shortage and a soaring import bill, by keeping exports competitive with those of other countries.

Every year is a difficult one for the Indian economy, but 1974 is likely to prove more difficult than most. A sequence of misfortunes, most of them unforeseen and all of them unavoidable, have hampered the economy in the past two or three years. The question now is whether or not India has reached a turning point.

The enduring problem is poverty and India's attempts at economic development to reduce it. However, for the time being it has been overshadowed by two more immediate and pressing problems: the balance of payments and inflation. It is ironic that despite large differences in income level and economic structure, India's difficulties should resemble so closely those of the advanced nations.

The oil crisis has afflicted one of the poorest countries in the world even more savagely than it has affected the most affluent. In 1973 India imported about 12 million tonnes of crude oil and three million tonnes of petroleum products. In 1974 and 1975 it had been expected to import larger amounts, because of the greater needs arising from economic growth.

But with the leap in oil prices, to buy this quantity would require a foreign ex-

change outlay of Rs12,000m (about £700m), equivalent to almost two-thirds of export earnings. The higher bill cannot be paid without some radical policy adjustments.

Three main ones are envisaged, each with important ramifications for the rest of the economy. The first is to restrict imports by a tightening of the licensing arrangements.

Steps such as this seem inescapable. But they threaten to starve India of vital components and semi-finished manufactured goods, quite apart from the welfare loss to consumers from the virtual prohibition of certain imports. A ban has been placed on the import of more foreign films; it will become almost impossible to buy a foreign car; and the waiting periods for the purchase of foreign records, which used to be about 12 months, may now be extended almost indefinitely.

Second, measures will have to be taken to restrict fuel consumption and to promote domestic production of energy. Many have already been put into effect. The duty on petrol has been increased, to bring the price of a gallon to about £1. No rationing is in force, but certain industries, notably electricity generation, have been

advised to economize on oil and to use alternative power sources.

Domestic oil output is being increased and foreign oil companies are being encouraged to explore the Bombay High, an offshore belt believed to have significant oil deposits. The coal industry has recently been nationalized and, again, there are plans to step up production. However, there have been production difficulties, largely because of the teething troubles caused by the change to a new organizational system.

Finally, exports must be increased. No special measures have been taken, partly because the fast export growth of 13 per cent recorded in 1973 has been interpreted as a sign that Indian goods are competitive in world markets and improved sales can be expected for some time yet.

But this will depend on the success of efforts to curb inflation. In 1973 wholesale prices soared by no less than 22.6 per cent; a record—but not one India would like to repeat. If this were to continue, the present price advantage which Indian goods have in world markets would be eroded.

A vigorous credit squeeze has, therefore, been operating since autumn last year. The statutory liquidity ratio of commercial banks was raised by two points to 32 per cent of total liabilities in December. The central bank indicated its unwillingness to extend too much help to commercial banks by instituting quotas on its lending and by raising the maximum lending rate from 12 to 15 per cent. The final element in the package was a 10 per cent ceiling on the growth of bank credit (except for exports and food procurements) between September, 1973, and March, 1974.

The hope must be that these tough measures will restrain the rise in prices. Indeed, government planners said that it was their aim to reduce inflation to 10 per cent in 1974. However, the first signs are ominous. In Bombay the monsoon was a month late, but when it came it was torrential: 15 inches of rain fell in 12 hours.

To have a large bill for wheat imports superimposed on the higher price of oil would be another terrible blow to the Indian economy. Considerable assistance from abroad—particularly, and most unpalatably, from the United States—would be essential.

T.C.

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This report appears on India's Independence Day. When completed, the Export Corridors series will be republished as a booklet which will be available from John Oliver, Commercial Manager, Special Reports, The Times.

## Some of Solomon's splendour

came from Supāra an ancient city near Bombay



**K**ING SOLOMON'S reign stretched from 974 to 937 B.C. He spent thirteen years of this peaceful era in building a magnificent palace. The kingdom of Israel could not supply all the lavish decor that Solomon needed. So he sent Hiram, King of Tyre, to establish trade links with distant lands and bring back a wealth of material to match his splendid plans. From Supāra, Hiram took gold, silver and 'almug' or sandal trees. King Solomon also imported ivory and peacocks from India through the navy of Tharshish.

The wise king sought Indian resources when it came to building a magnificent project. Today, wise men in leading industries in India and abroad still do the same. They call on Larsen & Toubro for engineering, construction and manufacturing services. After all, L&T has a rich reservoir of technical know-how, engineering talent and fabrication facilities necessary to design, manufacture and install plant and equipment for every vital industry—steel, cement, fertilizer, paper and pulp...

A vast manufacturing complex, L&T has a paid-up share capital and reserves of Rs. 128 million and a turnover of Rs. 680 million. The success of our service lies in the individual talents of over 10,000 people in our associate and subsidiary companies and our network of offices all over India.

# Benefits of policy of non-alignment

by Tim Congdon

There are probably few other countries in the world which send their products to such a wide range of markets as India. Its former role, as the focus of Britain's colonial and imperial trade, now seems generations ago. A breakdown of the geographical direction of its exports indicates its new position in the world, as one of the foremost non-aligned nations.

In the year 1971-72 India's most important export market was the United States. Out of a total value of exports in that year of Rs16,066m (about £860m) goods worth Rs2,631m were dispatched to the United States. But not far behind were three other countries very dissimilar in their political and economic characters.

Foremost among them was the Soviet Union, which bought goods worth Rs2,087m. The greater part of this was under long-term trade agreements, often accompanied by aid and technical agreements designed to foster Indian industrial development. Economic collaboration between India and the Soviet Union dates from the 1950s, but has received fresh impetus recently because of India's estrangement from the United States.

Trade with the United Kingdom is the subject of a separate article. The third largest market was Japan, which imported goods worth Rs1,825m from India. Japan's growing importance to India is a fairly recent development, having been determined by the rise of Japan to the status of a leading economic power. Its most important purchase is of iron ore, but there have been signs of growing interest in some finished goods, notably handloom textiles.

Japan's imports of handloom textiles from India climbed from Rs8.5m in 1971 to Rs27.7m in 1972. After these four major markets come a great many others, scattered across the globe. The United Kingdom is still a bigger buyer of Indian goods than the remainder of the European Community, but exports to the E.E.C. have been increasing more rapidly and should soon overtake those to Britain. Ceylon and Bangladesh make large purchases, with Bangladesh still heavily dependent on India for aid, which is often tied to Indian exports. Soviet block countries, other than the Soviet Union and certain Arab states, notably Sudan, take up a significant share.

With this highly diversified trade structure India does not need to fear dependence on any one country for the success of its trade efforts. In this it is unlike some countries in South-East Asia which have only Japan's apron strings, and would be badly affected if Japan were to decide on a renewal of its former policy of economic isolationism.

Despite this the Government is trying to direct trade to certain areas, to help to define export priorities, and to isolate the most promising commercial opportunities. The principal method adopted for achieving these ends has been the completion of trade agreements with potential trade partners.

The most recent, and in many ways the most important, was a trade protocol signed on January 21 this year between India and the Soviet Union which envisaged a 35 per cent increase in trade between the two countries this year to boost the combined total above Rs 5,000m.

The value of Russian economic cooperation is incalculable. The Soviet Union is able to supply certain goods, such as kerosene, sunflower oil, and above all fertilizers, of which India is now vitally in need. But Russian demands on India are much more readily met, being for such items as tea, leather goods, textiles and ready-made clothing which can be produced in much larger amounts without much difficulty. However, some disappointment has been expressed that the Soviet Union has felt unable to send any supplies of crude oil and that it does not intend to increase its shipments of newsprint.

Because of recent differences with the United States, India has concentrated attempts to improve its trade relations with the western economies on the EEC. On December 17 last year a comprehensive commercial cooperation agreement was reached with the Community, covering an unusually wide range. By containing references to joint investment policy and the transfer of technology it far exceeded the bounds of ordinary trade arrangements.

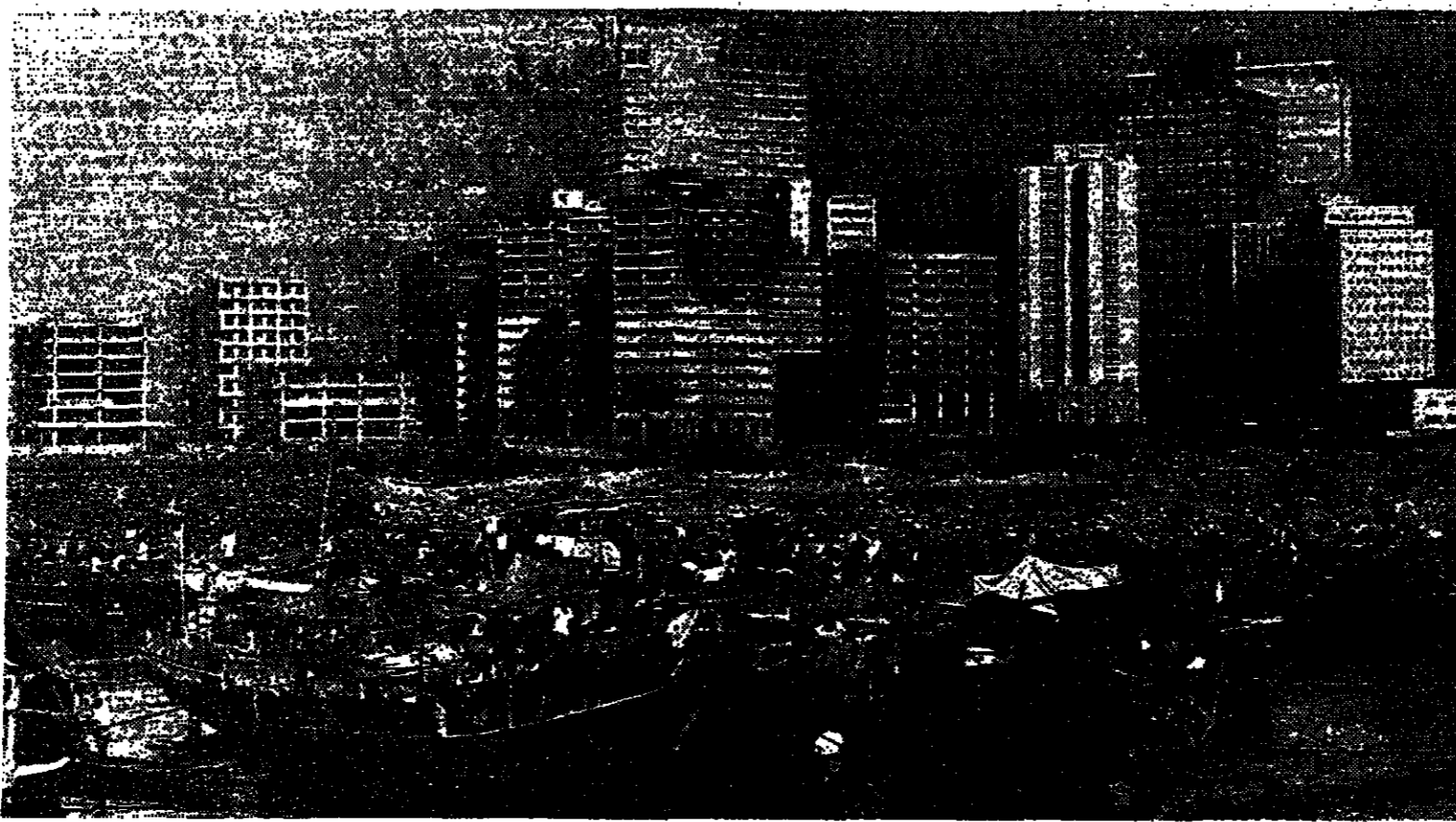
But, even in the hazy area of tariffs and quotas, great progress was made. The enforcement of the common EEC tariff on British imports was deferred for another 12 months, and the Community tariff on jute and coir products was reduced by 40 per cent. The enforcement of textile imports from India were removed, with effect from January 1 1974.

It remains to be seen how much scope for an increase in exports with the lower industrial economies remains. The booming categories of recent years—mainly garments, seafoods and leather, all incidentally from the south or west of India—have been helped by the lower rupee exchange rate, but further room for expansion remains on the more fundamental grounds of comparative labour costs and resource endowments.

Some shift of emphasis may be detected in coming months. The huge increase in the oil revenues of the Arab states and Iran provides a golden opportunity for Indian exporters, who are favoured by their geographical proximity. The recent trade agreement with Iran, also soundly based on diplomatic grounds may be only the first steps in this direction.

More basically, with the rise in world commodity prices, the balance of economic power, and more specifically of purchasing power, has turned towards the developing countries to some extent. There is every indication that India hopes to exploit this change, by providing project aid linked to the export of some of its manufactured products.

In this way it may succeed in changing the basis of its trade in commodity terms—that is, from being an exporter of primary products to being an exporter of finished goods by a prior change in the geographical orientation of its exporting activity.



A picturesque fishing community at Nariman Point, Bombay, with modern buildings rising on reclaimed land.

# Pacts with Soviet block may lose their gloss

by Christopher Davis  
group economist, National and Grindlays Bank

The pattern of India's foreign trade has changed rapidly in recent years. More often than not it has proved difficult to distinguish between features of a purely temporary nature and those which have represented longer-term trends. One exception to this, however, has been the dramatic growth of trade between India and the Soviet block, and with the Soviet Union in particular, as a result of which the latter country emerged as India's most important export market in 1970-71.

Since then exports to Russia have increased by a further 50 per cent in value, compared with a 28 per cent in total exports. The Soviet Union took a sixth of India's total exports in 1972-73, but, somewhat surprisingly, supplied only 6 per cent of its total imports, a figure which at first sight is not easy to reconcile with the widespread impression that the Soviet Union has in some sense replaced the United Kingdom and the United States (which together supplied more than a quarter of India's imports in the same year) as the main source of external support for the Indian economy.

One of the reasons why this view is now so readily accepted is no doubt the considerable publicity given to the visit of Mr Brezhnev to India towards the end of last year when the two countries agreed on a massive increase in trade. This reflected the Soviet Union's readiness to assist India's development programme, particularly with respect to the expansion of the steel, oil and power industries through credits. The amounts and terms and conditions of which will be settled by separate agreements.

Despite the obvious importance of this new initiative, it is not the first of its kind; it was signed in December, 1952, at a time when the volume of trade between the two countries was negligible.

Growth from such a low base always tends to appear

impressive when expressed in percentage terms. Many Indian economists note the fairly long time-lag that occurred between early statements of intent by the two countries to establish a closer economic relationship and the emergence of the Soviet Union as one of India's major trading partners.

The latest agreement covers a 15-year period, and thus stretches well beyond India's new plan period, so it reflects recognition by both parties that the areas in which Russian assistance is to be provided are those in which gestation periods tend to be rather long.

There is, in other words, little evidence from the information so far available of the Soviet Union's intent—even assuming it has the economic capability—of providing direct and substantial support of the kind that the Indian economy appears more likely to require in the difficult period that lies immediately ahead.

Against this background, it follows that the recent emergence of the Soviet Union as one of India's trading partners needs to be analysed not only in terms of successive trade agreements but also in the light of India's own import requirements and export availabilities, thus emphasising the relationship that exists between the geographical pattern of the country's foreign trade and its commodity structure.

This relationship has been most obvious in the case of imports, where since the disastrous harvests of the mid-1960s and the subsequent benefits of the green revolution on foodgrain production, imports from the United States have fallen from 38 per cent of total imports in 1965-66 to a mere 13 per cent in 1972-73.

Likewise, imports from the United Kingdom also declined sharply in the late 1960s (a period in which the level of new investment in India was not buoyant), but then increased strongly again at the beginning of this decade once Indian import demand for such products as iron and steel and machinery recovered.

But the same has also applied to exports, where government has already started to tackle the problem suggests that even if trade agreements are assumed to be an important factor in trade flows, the most significant of those recently concluded by India are not necessarily those with the Soviet block but with countries such as Iraq and Iran.

In the case of Iran, for example, substantial quantities of oil are to be purchased on deferred terms, while Iran is to make available nearly \$400m for the development of new export resources, notably alumina and iron ore pellets. The possibility that similar agreements may be signed with other major oil producing states in the Middle East before long only serves to reinforce this conclusion.

Another agreement that can be cited as potential, if not so immediate importance is the Commercial Cooperation Agreement signed between India and the European Community late last year, and

although it is difficult at this stage to quantify the likely benefits of this to India, it could at least go some way towards mitigating the effects of British entry into the Community.

There are enough uncertainties in the situation to make it virtually impossible to assess just how far the pattern of India's trade will change as a result of recent developments, since the importance of all bilateral agreements in terms of trade flows ultimately depends on the growth in trade carried out on a multilateral (that is free exchange) basis.

For India, prospects on the latter front are in turn dependent on how quickly the developed market economies adjust to their new position in the world economy, to what extent they will be prepared to provide freer access to imports from the developing world over the next few years and, last, India's own ability to maintain its competitive position in world markets during this same period.



Mr Brezhnev with President Giri during his talks in India last year

# Better outlook for sales to Britain

Britain is India's oldest market, but it is no longer dominant or even the most important single customer. India has been accounting for a steadily declining share of Britain's import bill. In 1964 Britain's imports from India, at £141.3m, were 2.5 per cent of total British imports; in 1972 at £117.2m, they were 1 per cent.

But there have recently been signs that this trend is being reversed. Indian exports to Britain rose £36.4m from the 1972 level in 1973. For the first time in many years they rose both as a share of India's exports and as a share of Britain's imports. Nevertheless, at a mere 1.2 per cent of Britain's imports, considerable scope for expansion remains.

Commercial links between the two countries are long standing and remain strong. The business community in India speaks English, and native languages are required only intermittently in business conversations, usually as a sign of cordiality, rather than for greater convenience.

## Leading holder of capital

Equally important is the large stake that British companies hold in Indian industry and plantation agriculture. Investment by Britain since independence has been only slightly heavier than that of any other Western country, but as British capital was predominant until 1949 Britain is still by far the leading foreign holder of capital in India.

The arranging of loans and credit for export business is also particularly easy in Britain's case. Most of the foreign banks are linked with National and Grindlays foremost. Because of the language tie after-sales service is more readily provided than in Europe or Japan. Public buildings and the status of the Civil Service, date from the imperial period and the names of papers—such as the *Times of India* and *The Statesman*—echo those of leading papers in Britain.

The fact that Britain has become a less important trading partner despite these advantages is in part a reflection of the gradual diversification of Indian export activity. As such categories as seafoods and engineering goods have grown in significance, and since these have been dispatched for the most part to non-traditional markets Britain has become less important.

It is also due to deliberate policy decisions by the Indian Government. The encouragement of trade links with East European countries has caused them to assume a more central role in Indian trade, with Britain, if not shunned to the sidelines, at any rate of secondary significance.

Nevertheless Britain still buys nearly £30m of textiles and almost £20m of leather and leather manufactured goods. The other main item is £26m of tea and coffee imports, with a further £15m of packaged tea imports.

The most striking feature of Anglo-Indian trade in recent years is the stability of the export total, com-

pared with only minor variations in the composition of the commodities. Apart from textiles India sends only a small quantity of manufactured goods to Britain. In 1973 they were valued at about £2m, excluding textiles and clothing—under 20 per cent of the total.

However, India is proud of the engineering exports it has been able to sell in Britain. Kirloskar Oil Engines of Poona, near Bombay, has been given an order for 2,500 engines by equipment manufacturers in Britain. The Government gave help with freight on the first consignment by enabling Kirloskar to use an Indian Air Force base.

There have been reports recently of many British companies giving orders to their Indian subsidiaries because of production difficulties in Britain. Conditions in Britain and India have been similar during the past 18 months, with the devaluation of both the pound and rupee making it cheaper for manufacturers to produce in them than in other countries.

But the devaluations have had other effects. Because prices in Britain are now so competitive, Indian textile exports have been adversely affected. For example, the Britain and West Germany spent almost equal amounts on handloom goods in the year ending March 31, 1972—Rs31.6m and Rs31.2m respectively—in 1973 West Germany spent Rs47.5m compared with Britain's Rs24.8m.

Similar considerations apply to other exports, such as handicrafts. Because of the gradual appreciation of the rupee and the greater wealth of the American and West German markets, they are more significant importers. The United States bought Rs 255m worth of handicrafts in the year in March, 1973, and West Germany spent Rs 123m, compared with Britain's Rs 89m.

## Tea and jute in large amounts

Hopes for future growth in Anglo-Indian trade hinge on two factors. First, that the traditional exports of tea and jute should continue to be sent to Britain in large amounts. But their expansion depends on an improvement in unit value realization, either through producer agreements or through a change in demand patterns. Jute demand, for example, might pick up if synthetic materials continue to remain expensive because of the rise in oil prices.

Second, further growth in the British economy will be needed, combined with some lowering of the rupee/pound parity. Without these developments it will make more sense for Indian exporters to send their products—many of which, such as leather goods, clothing and seafoods, are highly price-sensitive—to West Germany, Japan or the United States, where prices are higher and demand stronger.

Despite this the outlook for Anglo-Indian trade is good. The former political connections between the two countries make Britain a natural outlet for Indian goods, while the recent tendency for Indian exports to pick up in foreign markets throughout the world is unlikely to pass Britain by.



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Greater efforts are needed to increase exports which lag well behind world trends. But unless productivity is increased there could be an inflationary effect on the domestic market. On this page and on pages IV, VI and VII we look at how these problems are being tackled by various sectors of industry

# Increased sales abroad bring some confidence in future

by Amalendu Das Gupta  
*The Statesman*, Calcutta

India's exports are still rising at a much slower rate than world exports. Yet a substantial increase in export earnings during the last two years is one of the reassuring features of the economy. The increase is not necessarily reflective of export industries. It has at least generated confidence in their relative potential.

relevant rupee exchange rates could be misleading. However, according to the Director General of Commercial Intelligence and Statistics, Indian exports worth more than Rs 2,000 million in 1972-73, an increase of about 22 per cent over the preceding year. The annual compound growth during the three years of the plan, ending in 1971, is only about 5.8 per cent. The 1972-73 exports in the category of non-traditional goods, with an export value of more than Rs 1,400 million, are potentially more important; but their performance so far has been far below the potential. Other non-traditional items include iron ore, iron and steel, chemical and allied products, footwear and handloom products.

Certain commodities have lately shown an impressive export potential. For example, Basmati rice, a fine and fragrant variety, has a ready and large market in the Gulf States which, it is estimated, could take as much as 50,000 tonnes. Export of this expensive rice would be no great deprivation for the home market. Similarly, the exportable surplus of coffee could be profitably increased. Sugar exports, too, could be increased by restricting domestic consumption. There would be shortages and high prices at home, but if something like 400,000 tonnes and higher demand from countries like Poland, Japan and Russia. Another factor has been fishmeal and soyabean meal shortages in Western Europe. But the trend is unlikely to be maintained; indeed export

well as they should have during the past two years; and earnings from tea have hardly increased. Yet jute goods and tea are still at the head of India's export table, accounting for nearly a fifth of the total earnings. Coffee, tobacco, spices, cashew nuts and oilseeds, which are also traditional, account for about one eighth of the total. This hardly bears out the claim that Indian exports are now largely non-traditional. Even cotton textiles and leather and leather manufactures are not exactly non-traditional. Cotton textiles certainly are not, even though the export of piece goods is a fairly new feature. Although leather and leather manufactures are usually regarded as non-traditional, their export merely follows the traditional export of hides and skins. The emphasis on processing and manufacture is more a technological development than a new beginning. Perhaps the most successful among non-traditional items have been handicrafts and marine products, which between them now earn something like Rs 2,200 million in foreign exchange. Engineering goods, with an export figure of more than Rs 1,400 million, are potentially more important; but their performance so far has been far below the potential. Other non-traditional items include iron ore, iron and steel, chemical and allied products, footwear and handloom products.

based on further development of both traditional and non-traditional export industries. The programme will have to take note of recent performance. The most significant gains during the past two years have been recorded by oilseeds and vegetable oils, handicrafts, leather and leather manufactures, cotton textiles, engineering goods, fish and fish preparations. The rapid increase in the export of oilseeds has been due to generally poor supply in international markets and higher demand from countries like Poland, Japan and Russia. Another factor has been fishmeal and soyabean meal shortages in Western Europe. But the trend is unlikely to be maintained; indeed export



Jute is laid out in the sun before it is gathered into bundles and sent to the factories.

been facing some difficulty with raw material supplies; and restrictions have had to be imposed on the export of semi-processed hides and skins. The cotton mills have been affected by power shortages; however, the power situation in western India, which is now the industry's most important base, is not as bad as in some other parts of the country. Anyway, the industry has greatly profited from a comfortable supply of raw cotton at a time when a decline in cotton production and a sharp rise in cotton prices has pushed up textile production costs elsewhere.

International demand for Indian cotton textiles has been remarkably buoyant; and the industry has been able to meet it in both quantity and quality. Piece-goods now account for 55 per cent of the total value of all mill-made cotton cloth exports. The power crisis has had a far more serious effect on the engineering industry, especially because many of the units are located in West Bengal where power shortage has been acute and prolonged. The units in western India have done better. The industry, however, has been additionally handicapped by a shortage of steel and other raw materials. If these constraints can be removed, there should be no difficulty in more than doubling the export of engineering goods within the next five years.

A substantial increase in iron and steel exports is also envisaged, but their contribution would still be small. A much larger source of foreign exchange is iron ore, whose export is expected to increase a great deal more. One of the most encouraging additions to Indian exports has been fish and fish products. Both coastal and deep-sea fishing have expanded, and processing units have grown along the Malabar and Coromandel coasts and on the Orissa coastal belt. Here, at least, is a success story in a truly non-traditional field. Generally, however, export industries with the greatest growth potential are severely handicapped by

shortages of power and raw materials. They cannot grow without the help of support industries. Supply of basic raw materials depends also on the condition of the primary producer. Transport bottlenecks are another inhibiting factor. It would be facile to predict the future of the export industries without taking this complex interdependence into account. Nor is it altogether realistic to build too much on export promotion by restricting domestic consumption. Conceivably certain goods could be produced exclusively for export, but this depends on the volume of export demand and the export prices making the enterprise economically viable. If these goods also enjoy a substantial domestic demand, their total reservation for export would require a measure of discipline that might not be easy to enforce in a mixed economy.

In practice, what is more likely is allocation of a larger proportion of export resulting in short-ages and higher prices in the domestic market. Without genuinely exportable surpluses, export promotion measures could, therefore, aggravate domestic inflation in certain areas. However, this is a fairly small hazard, since the largest export potential are not among those in general demand in the domestic market. The central issue is the basic inflationary situation pushing up production costs in every sector of the economy. Unless this increase is firmly checked, and the costs are lowered, no export promotion drive can have a lasting effect. Rather than special export production, the answer is a general increase in production at less cost.

This simple answer merely raises a host of questions regarding the state and direction of the Indian economy. These questions are not academic in a discussion on the future of export industries. Any export strategy formulated without examining them in full cannot but be shortsighted. And it may be salutary to recall that Indian exports still account for only 0.6 per cent of the world's total.

# State agencies' important role

As part of the Indian Government's efforts to encourage a mixed economy two important trading agencies, the State Trading Corporation and the Minerals and Metals Trading Corporation have been established. Together they account for over a third of Indian export activity, with an export turnover of more than Rs 300 million.

The State Trading Corporation was set up in 1956, mainly to organize India's trade with members of the Soviet bloc. But it has subsequently expanded its range of operations, and trades extensively with Europe, the United States and Japan. However, it has preserved its character as a publicly owned and socially-motivated company, with the Government continuing to be the only shareholder. Each year it pays a dividend to the Government on its profits, which at Rs 147 million (about £3 million) are considerable.

The Minerals and Metals Trading Corporation has a turnover about twice as big, but it concentrates on the export of iron ore, and therefore is less noticed in the nation's business and commercial life. It also is harnessed to the Government's objectives, and should contribute to the smooth operation of the recent agreement between Iran and India on economic cooperation. India has to export pelletized iron in exchange for some of Iran's oil.

state undertakings do not have to justify themselves in profit or loss terms, or that they are given preferential treatment over private companies. For example, in the regular auctions for coffee and tea the corporation has to compete on equal terms with private export companies. It also does not abuse its formidable market power to obtain an advantage over other concerns. Its ability to do so is not in doubt, as it can arrange credit more easily than private companies, because, as a government-backed organization, few risks are involved.

The policy of canalization is under review. The Kaul committee set up to examine the working of the policy expected to publish its report this month. It has been suggested in the press that some liberalization of procedures may be recommended. The Government's determination to increase exports of finished rather than semi-finished goods is also clearly apparent in its attitude to the corporation. Since the late 1960s the export of tanned leather has been growing swiftly. But it has been felt that a good opportunity of earning more foreign exchange has been missed, as most value is added when the leather is made into finished goods. Last year, therefore, a quota was placed on the export of tanned leather, and it was made a canalized item to be handled by the corporation.

There have recently been suggestions that the export of books will be canalized. Certain fiscal incentives have been given but some abuses have been reported. Publishers were importing books and then exporting them for the sole purpose of gaining the financial benefits of the incentives. To curb this practice it has been suggested that the private exporters should be licensed to export books. The entire operation was carried out by the State Trading Corporation. Because of these manipulative practices it seems likely that the corporation will become increasingly important in India's export trade.

comparatively easy to obtain warehousing facilities and freight. This also has become important recently with the 1973 world trade boom making it increasingly difficult to find freight space. Finally, because of its considerable financial resources, the corporation has less hesitation about pioneering the export of new products. In the early years of development this often involves losses, as it takes time for contacts to be established. An example is the export of mangoes to Britain, which is beginning to pay its way. The other principal function of the State Trading Corporation is to serve as an instrument of government policy. This is done on a fairly regular basis, in connection with such things as the planning of the corporation's foreign exchange requirements. The Ministry of Finance is informed, and year in advance of the date at which it will be required to consider simplifying the task of forward projections.

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سازمان بازرگانی

# Burdens on tea make fight with competitors harder

by Amalendu Das Gupta

The notion that Indian tea exports have been doing badly in recent years is only partly true. It would be more accurate to say that the volume of exports and export earnings has remained largely static. Except for a fall in 1969, due to drought and a strike, production has steadily increased during the past 10 years, and now stands at more than 450,000 tonnes a year. It has approximately doubled in the past 30 years.

But since the early 1950s exports have remained about 200,000 tonnes; in 1969-70 they dropped to 172,000 tonnes. Exports from Ceylon and Indonesia have also failed to show any marked increase in recent years. But exports from East Africa rose from less than 53,000 tonnes in 1963 to more than 115,000 tonnes in 1972.

Earnings from India's tea exports have also been stagnant. As well as poor earnings in 1969-70, there was also a fall in 1972-73 when India exported tea worth Rs1,470m (over £77m) against Rs1,560m in 1971-72. There was stronger competition from East Africa; and in spite of the commodity boom the unit value in 1972-73 was about the same as in 1971-72 and lower than in the two preceding years. The situation improved a little in 1973-74 in terms of both unit value and the volume of export.

## Effect of external factors

This shows that the problems of the Indian tea industry are not entirely, or even mainly, internal. Like other enterprises, tea is affected by shortages of essential supplies, such as fertilizer, furnace oil, coal and cement. Many units are also plagued by mismanagement and shortage of capital for replantation, replacement of plant and modernization of equipment and methods.

There are nearly 12,000 tea gardens in India, of which about 2,000 to 3,000

are fairly large plantations. Many of the small units have become uneconomic and several have been closed. The Government recently announced a decision to introduce legislation to take over the "sick" and closed gardens.

But this is not a problem of much consequence to the export outlook. More serious is an increase in production costs; and a still bigger problem, in the industry's view, is a steady rise in excise duty. The duty on tea is estimated to have been increased by more than 400 per cent between 1958 and 1970. Despite inflationary pressures, ex-factory costs in India are still lower than in Kenya. But with its burden of duties, it is difficult for Indian tea to compete with the East African varieties in the export markets.

The fiscal policy has been largely guided by the traditional notion that Indian tea is the best in the world and has nothing to fear from competition. There is certainly nothing to bear the best of Indian tea, but this best is no more than 10 per cent of the total production and is made up of pickings from what is known as the "second flush" in Darjeeling and Assam. There may be as many as 10 or 12 flushes at both places, and tea is also grown elsewhere in the country.

Assam produces about 50 per cent of Indian tea, North Bengal (with its famous Darjeeling variety) 23 per cent, South India (Tamil Nadu, Kerala and Mysore) 25 per cent, and other scattered centres 2 per cent. The main export varieties are Assam, Darjeeling and Nilgiris (South India).

While South Indian gardens produce crops throughout the year, the bushes in Assam and Darjeeling are dormant for a few months. In Assam, for example, 75 per cent of the crop is harvested from September to November, the worst period for quality. The best period, for about two weeks, is in June; in Darjeeling the best period is April-May. This explains the uneven quality of Indian tea and

the small proportion of the best quality. The fiscal policy seems to have taken insufficient note of this pattern, or of the fact that the average Indian tea is not necessarily better than that of other countries. East African countries have expanded and improved production and have exported at highly competitive prices. But, unless there is a steady increase in demand, East Africa too will be obliged to review its pricing policy. Indeed some rethinking has already taken place.

## Talks on quota arrangements

It would be unrealistic to expect export prices to rise substantially as a result of higher demand. But there is at least an assured demand, most of which is met by India, Ceylon, Kenya and Indonesia. These countries could, therefore, take joint action to restrict supplies and step up export prices to the highest level that the international market would bear.

Discussions on these lines have already been held, and a beginning has been made with informal agreement on export quotas and other matters. Further consultations are taking place to give shape to something like a tea consortium, possibly with the participation of Bangladesh and Malaya.

In this connection there is some resentment in Indian tea circles about the London tea auction. London still exerts considerable influence as a price-setter in the international tea trade; and it is felt that this influence has been responsible for depressing tea prices in other markets as well.

Some Indian tea industry sources maintain that buyers in other countries would have agreed to pay more if supplies from London had not been available. There is a strong body of opinion in favour of discontinuing Indian tea supplies to the London auction, provided other exporting countries can also be persuaded to adopt a similar policy.



Tea pickers are headstrong girls in Assam, where the estates are responsible for about half the Indian production.

# Hand-made goods, cheap or costly, earn healthy profits for the retailer abroad

by a Special Correspondent

One thing that you must remember is that the handicrafts trade in India is run entirely by the private sector—that is why it is so successful. That comment from an Indian businessman certainly reflects surprising export growth in handicrafts, carried out through cottage industries in an 80 per cent rural society.

Growth is impressive—in 1956 first exports were valued at Rs70m (£3.9m) and nearly 20 years later at Rs1,600m (£88.9m). By 1979 the total is expected to be Rs3,000m (£166.6m), while total annual production, all at cost price, is estimated at Rs4,000m (£222m). Export figures are more

dramatic when it is realized that the producer has not seen similar increases in the amount he is paid for his hand-made goods. An Indian exporter recently returned from a trip to Europe estimated that Indian handicrafts were being sold at some five times the original production cost. A spokesman for the All India Handicrafts Board (AIHB) says the best-selling *kutch* embroidered shirt from Gujarat, with tiny mirrors stitched into the embroidery, costs about Rs15 to produce but the woman making four or five a day probably receives only one rupee per shirt.

He believes that this image of cheap goods is bad. The utilitarian items, as opposed to expensive carpets and shawl work, are not only cheap but hand-made

and well made. "So many Europeans and others are fed up with the hard nylon collar—they want cotton, and from India they are actually getting good hand-made products which their home markets cannot produce," he said.

Also, he believes that brass work is sold too cheaply. India has massive stocks of scrap and produces cheap brass despite the fact that it imports some copper and zinc. Copper has doubled its international price while zinc has gone up 80 per cent. The home scrap is therefore being misused and no long-term price increase factor is being built in. Likewise the producer of handicrafts has not seen the benefit of international price rises as the Indian middleman has exploited him by continuing to pay low prices to safeguard his export margin.

The cheap *kutch* shirt is

the kind of item which makes a good profit for the retailer abroad and reaches a wide market at a cheap price. At the other end of the scale are the luxury items, well beyond the means of most Indians, yet still showing a small profit margin for the producer. One is the Kashmir or Srinagar shawl, made from Pashmina wool—the soft hairs under the chin and neck of the Angora goat. Wool for one shawl will cost the embroiderer about Rs800, his own work for 30 days will bring him about Rs300 and the finished item will sell in India for between Rs1,500 and Rs2,000. These shawls, together with carpets (and 95 per cent of production is still hand-made and considered much cheaper than Afghan, Pakistan and Iranian equivalents), have to be aimed at the small luxury sector of the foreign market.

The United States leads on total value of handicraft imports, followed by Belgium and Luxembourg (although the bulk of this trade is in the cutting, polishing and setting of precious stones imported from these two countries to India). Hong Kong comes next, then West Germany, Japan, the United Kingdom and then The Netherlands.

Most producers work through their guilds or associations and these form old and well-tried channels for communication with the Government and the AIHB. The board helps to smooth out difficulties at all levels, whether it is electricity or water supply problems in difficult periods or helping with export services. One difficulty facing exporters, according to the board, is freighting out of India. Handicrafts are moved out mainly by foreign shipping lines because the Indian

Merchant Navy is not big enough. But few foreign ships call at Indian ports.

Freight is expensive and delays are caused by lack of cargo space and congestion at Indian ports. Some items do not face this problem, particularly the precious stone trade. But this craft and its import-export aspects are very old and well-established and have always run smoothly, mainly because it provides a service industry for Belgium and Luxembourg as well as for Hongkong and the United States. Gold and silver are imported, but there are ample stocks in India.

A noticeable trend in recent years is that the export of raw handicraft materials is gradually diminishing, enabling more people in India to benefit from the various processes involved. Wool exports are now restricted by quota to

keep the home market satisfied and to ensure the export of finished articles, and the same applies to leather.

One up-and-coming industry on the export side and a fitting companion for gems, incured enamels, hand-printed silks, rosewood carved horn and ivory chess sets, is the perfume industry. This year the Perfumes and Flavours Association of India celebrates its twenty-fifth anniversary and is making a determined publicity effort to get the Government to relax import controls on synthetic chemicals that are bedevilling its attempts to get through to Europe.

The heavy, lingering natural perfumes of India, such as sandalwood, *khus* and henna—more used by the Indian male than his mate—are generally not acceptable to the foreign nose. However, their combination with syn-

thetic chemicals, which with alcohol form the base of many European perfumes, makes it possible to lighten the product while introducing a whole new range of scents.

But perfume exports are going on apace. In 1972, covering the whole range which might go into perfumes for the boudoir as well as tooth-paste and toilet disinfectant, they totalled Rs43.5m, and went to 100 countries, with the main markets in East Asia, Australia and New Zealand, and the Middle East and North Africa, where they are remarkably successful.

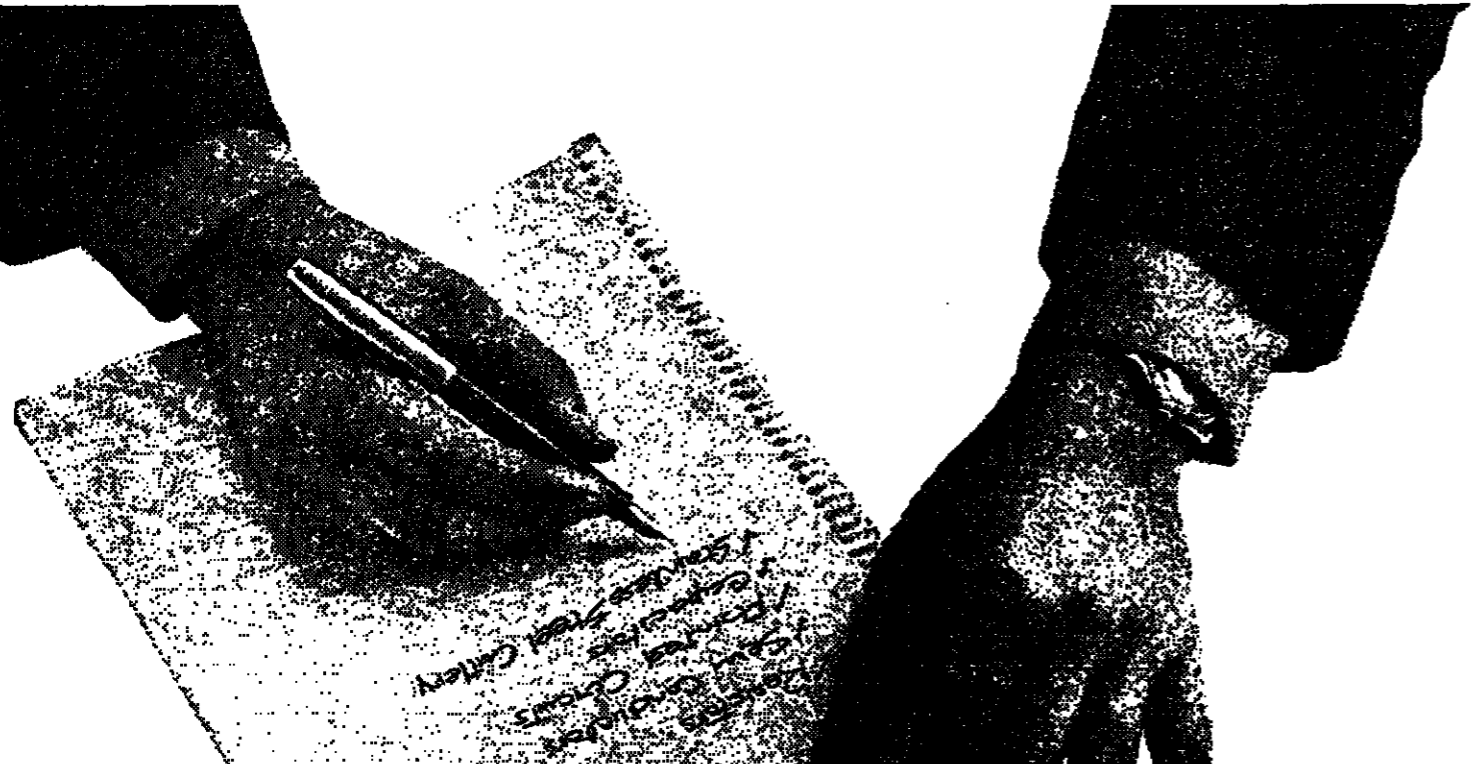
Most houses are in the small-scale sector and face competition from the giant international houses. They are also plagued by alcohol supply problems in a country with both wet and dry states, differing alcohol duties at inter-state borders and a bottling industry, particularly for the toilette per-

fumes, which is not advanced enough in its packaging policies or designs.

Some experts estimate the India could more than double its foreign exchange earnings from the export of perfumes, cosmetics, toiletries and essential oils, if the technology was allowed to develop and there was better organization.

The resources are there—India produces 95 tonnes of sandalwood oil a year and 55 tonnes of that is exported while the sandalwood-based Joss sticks, so well known around the world, were produced to the tune of 5,000 tonnes last year.

The perfume manufacturers will be more than happy when they achieve the same success abroad with their age-old products as the craftsman in the village working at his trade for a customer he will never see and countries he will almost certainly never visit.



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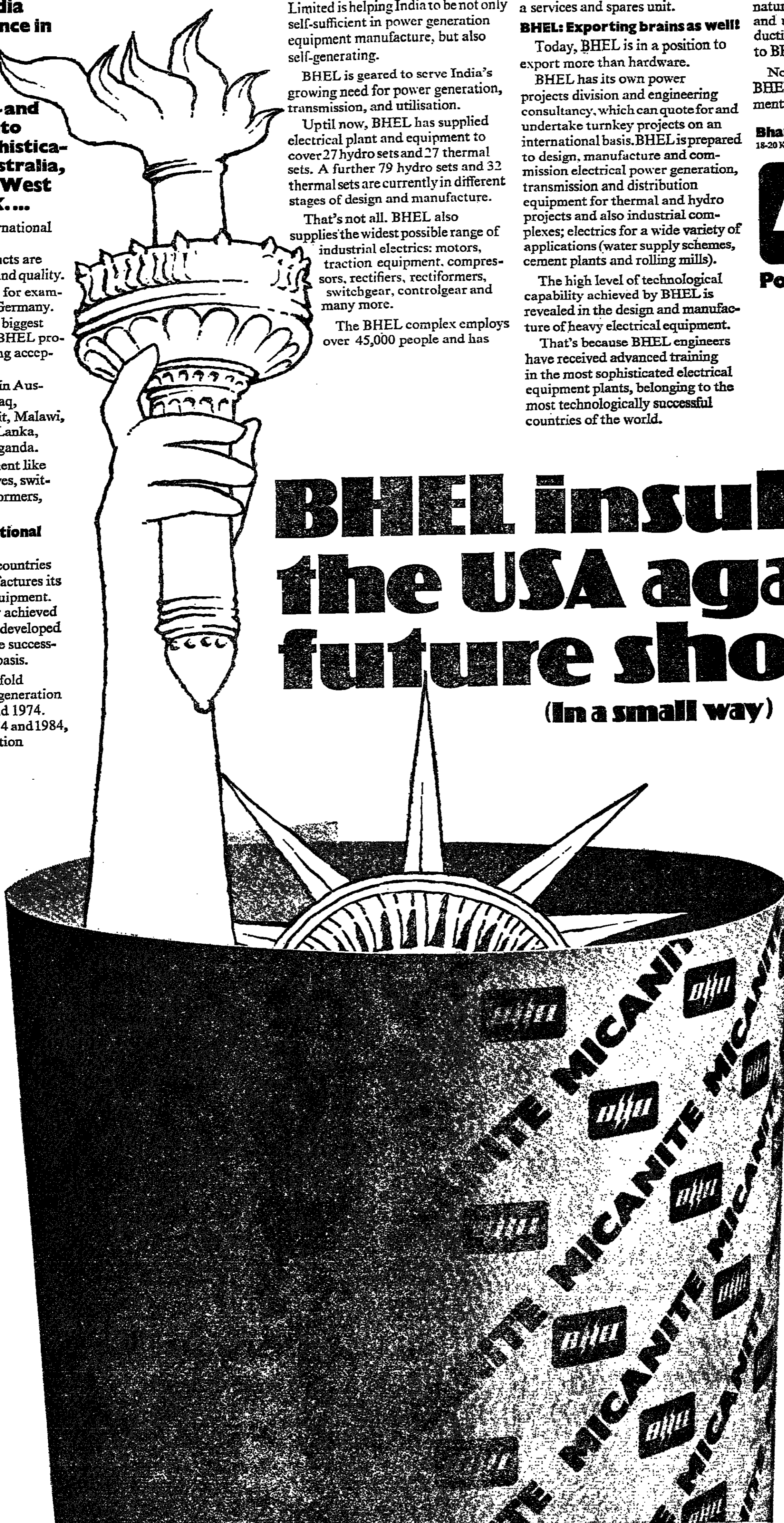
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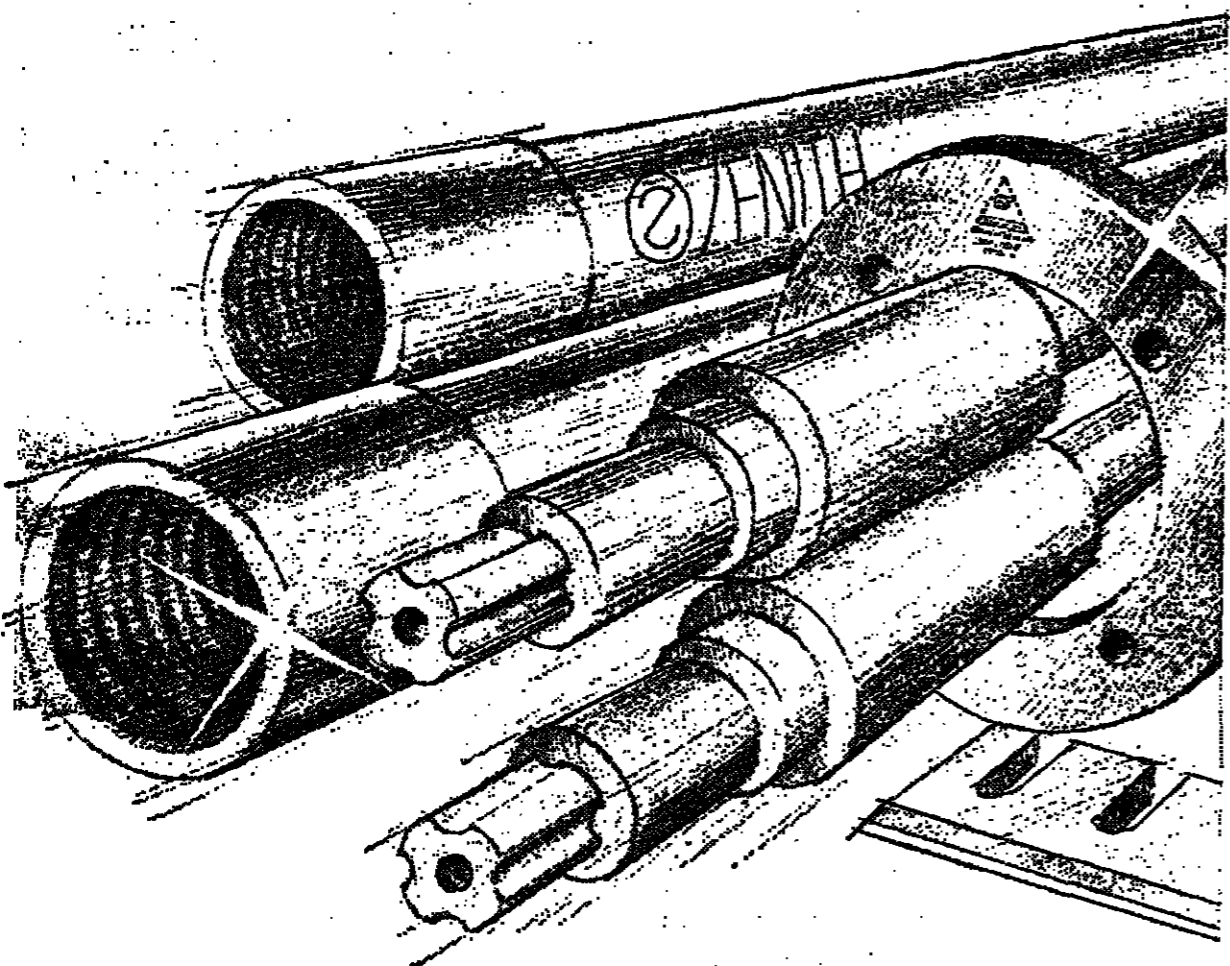
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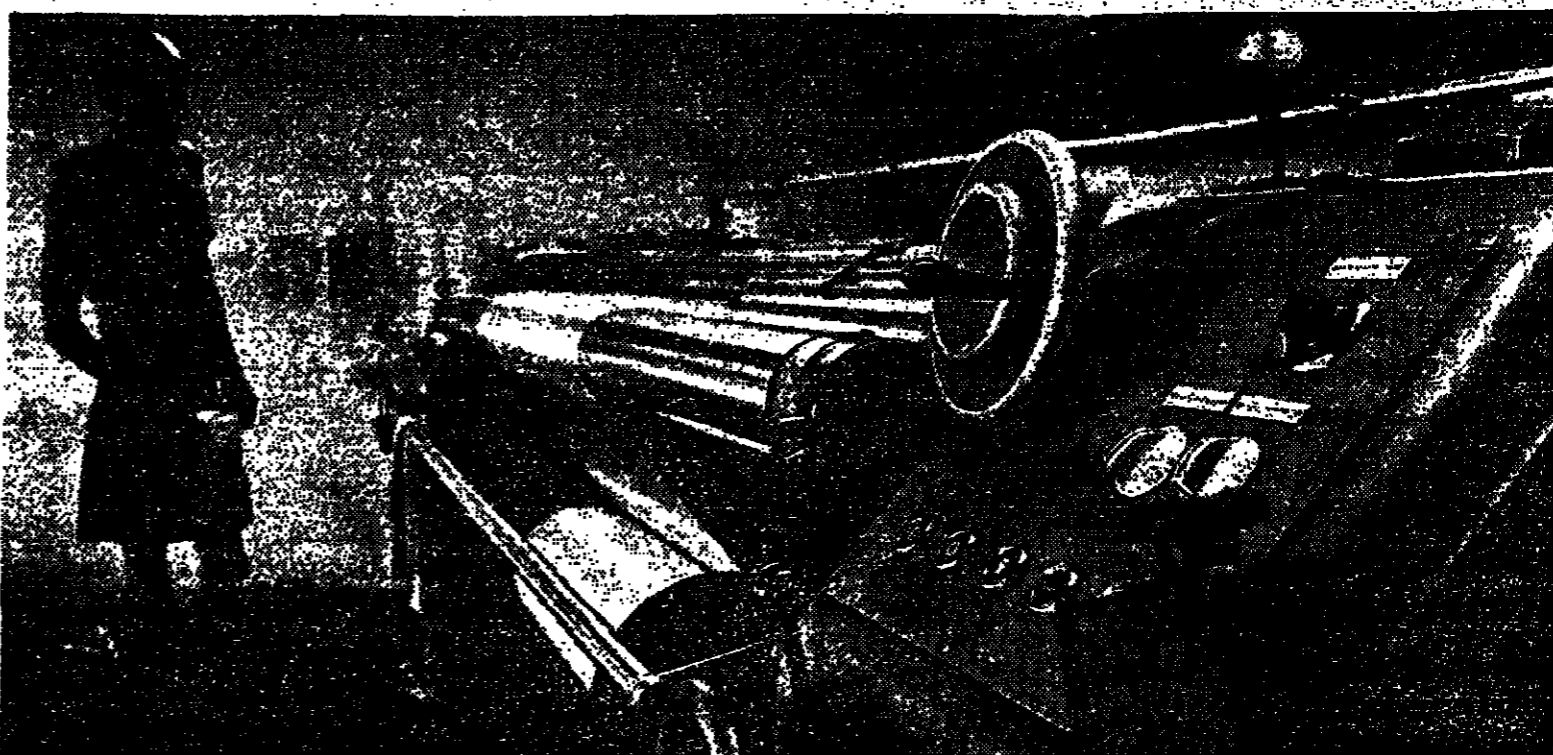
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The growth of emerging countries is a spur to find new markets for some of the more traditional exporting industries which may be threatened in some areas by tariff and quota agreements



A Bombay textile mill manufacturing synthetic materials, a product which has great export potential.

## Cotton textiles are beating all the targets

by Tim Congdon

Exports of cotton textiles have been one of the most rapidly expanding categories in India's foreign trade in recent years. In 1966 they amount to Rs 7500 million but in 1973 they had grown to Rs 1,950 million (£105m), a rise in seven years of 158 per cent. This compares with a growth in exports as a whole over the corresponding period of 94 per cent.

There are no signs that this pace cannot be continued in the medium term, with the early months of 1974 seeing a further spectacular increase. Indeed, the performance of cotton textile exports is exceeding the expectations of the government planners by a handsome margin. Under the fifth plan exports of cotton textiles were to reach Rs 2,225 million by the first three months of 1974 they were Rs 720 million, equivalent at annual rate to Rs 2,900 million. In other words, the plan targets had been exceeded in the first three months of its operation.

Each kind of production units are almost entirely in private hands. The Government has taken the view that, since textiles are one of India's oldest industries, there is no need for special encouragement and support, although the textile industry, of course, plays a central role in the present export drive. In recent years production of cotton cloth from the decentralized sector has been growing somewhat more quickly than production of cloth from the mill sector.

The growth of the industry has been promoted in recent years by a number of factors. The first is the size of the Indian market itself. With more than 500 million people in the domestic market, millowners and cotton piece-good manufacturers have had few uncertainties about demand. Indeed a much higher proportion of the industry's output is devoted to home than to foreign demand and this will probably continue for the foreseeable future.

The second is the availability in India of cotton, although, with the high prices obtainable for raw cotton on world markets since 1972, there are signs of scarcity. With the completion of several plans during the fourth plan period, India is now also a producer of artificial fibre.

In line with the government policy of stimulating the export of finished goods, exports of this yarn have been virtually stagnant since 1966. However, the successive devaluations of the rupee since 1966 have been a great help in foreign markets. Until 1968, textile exports were virtually stagnant and were, in fact, lower than in 1951. But the rise from Rs 632 million in 1965 to just over Rs 1,000 million in 1971



A Muslim weaver at work in the holy city of Benares. Benares silk are world famous.

was followed by a still more abrupt increase to last year's record, after the re-evaluation of the rupee.

However, there are a number of clouds on the horizon. The first set of difficulties is the increasing threat to production from the power shortage, labour militancy and unrest, and the world shortage of natural fibres. None of these is as yet critical and some may be resolved of their own accord.

More fundamental problems are rising labour costs and discrimination against Indian goods in European

markets. Of course, although Indian labour is cheap by international standards, the sharp rise in prices last year was accompanied by a sharp rise in wages. This may erode some of the competitive edge conferred by devaluation.

The reluctance of the EEC to liberalize its imports of textiles from Asian countries has a directly adverse effect on the Indian export drive. Although it can be avoided in a variety of ways—for example, unfinished piece-goods can be exported to a country like

Switzerland and adjusted—the quota restriction is a serious hindrance. This is particularly true in the case of a country like India, which has far behind Hongkong and the rest of the world a low proportion of the quota allocation. However, new markets are emerging in the developing world and the hope must be that they will help the Indian textile industry to become even more important than already is.

## Oil crisis gives jute economy a new impetus

by Amalendu Das Gupta

Jute manufacturers have been, and remain, India's largest source of foreign exchange. Their export market had been going on for a long time, but its effect on the Indian jute industry was felt seriously only in the late 1960s. The changeover from jute to synthetic substitutes was particularly noticeable in the late 1960s. But they have gained a new lease of life with the oil crisis, which has pushed up the prices of synthetic substitutes. The competitive advantage may not be permanent, but the outlook is promising for the time being.

With nearly 43,000 looms in 74 operating units, India produces 30 per cent of the world's jute goods and has a 45 per cent share of total exports. The industry employs about 250,000 workers, almost 9 per cent of India's organized industrial labour. Over 25 million people in rural India are involved directly in jute cultivation, and another two million are associated indirectly through marketing and ancillary activities. As many

as 62 of the 74 operating units are in West Bengal, which also produces more than half of the country's jute crop.

The search for jute substitutes had been going on for a long time, but its effect on the Indian jute industry was felt seriously only in the late 1960s. The changeover from jute to synthetic substitutes was particularly noticeable in the late 1960s. But they have gained a new lease of life with the oil crisis, which has pushed up the prices of synthetic substitutes. The competitive advantage may not be permanent, but the outlook is promising for the time being.

In the developed countries there was inevitably preference for a capital-intensive bulk system of handling, dispensing with the use of any kind of bag. For certain commodities, the paper bag was more attractive. But by far the most powerful competition came from synthetics, after the rapid development of the petrochemical industry. The instability of the jute economy—largely the result of distortions in prices and supplies caused by periodic shortages of raw jute—has always worked against the

maximum possible expansion of jute usage.

In 1964-65 India exported 922,000 tonnes of jute goods, but exports then declined sharply. There was a revival in 1971-72, largely because of the disruption of supplies from Bangladesh. Low stocks abroad, and high export prices, from Rs 1,900 million (about £100 million) in 1970-71, India's export earnings from jute manufactures went up to Rs 2,650 million in 1971-72. There was a slight fall in 1972-73, mainly because of a resumption of exports from Bangladesh and increasing price competition from synthetics.

This unfavourable trend continued during the first half of 1973-74, when the industry faced additional difficulties from a small 1972 crop and a severe shortage of power. The outlook brightened during the first two months of 1973-74. There had been a large crop in both India and Bangladesh, but production in Bangladesh mills had been falling. Indian exports had

received a boost from sizeable fiscal relief, and world oil prices had started soaring. There was also temporary improvement in power supplies.

As a result, during the last three months of 1973 India was able to export an average of 58,000 tonnes of jute goods a month against an average of 45,000 tonnes for the previous nine months. But there has been another setback since the beginning of this year. A 33-day strike in January and February caused a production loss of about 100,000 tonnes; and in March alone about 20,000 tonnes were lost as a result of power cuts. The power situation was worse in April, and has improved only marginally since.

The opportunity that the oil crisis has presented to the jute industry can be used only with an assured supply of power. But how large is this opportunity? The industry itself is among the least affected by the oil crisis, and obviously stands

to gain from the high prices of oil-based synthetics. Yet petrochemical products are still cheaper than jute goods in Britain and America and demand higher crude prices, the scope for cost reduction is successive stages. The jute industry, therefore anxious to that its products do not suffer from higher material prices and duties. It is sad that export duty on sac should have been reimposed, but on hesitation can be increased considerably reasonable prices.

It is also felt that both India and Bangladesh are committed to price-cut for the primary producer, the two countries should at least stabilize jute production by setting an optimum area and laboring in several areas of research and development, apart from devising joint export strategy, especially in regard to price-

## Engineering: need to remove bottlenecks

by Sivasdas Banerjee

The foundation of India's engineering industry was laid during the Second World War. From a small base of about Rs 420 million in 1967-68, the export of engineering goods has gone up to Rs 1,500 million in 1973-74. This is now planned to reach Rs 4,350 million by 1978-79.

In 1972-73 the major share of exports went to Asian countries. The main items consisted of steel pipes, cutting tools, wire products, transport equipment (including railway wagons), electrical apparatus and appliances, non-electrical machinery such as diesel engines and pumps, and agricultural machinery.

This suggests that in the developing countries of Asia and Africa, Indian engineering goods, especially those in the category of interme-

diat technology, may continue to have an edge over their competitors for some time. Every endeavour needs to be made to take advantage of this situation, not only to boost India's export earnings but also in the interest of the domestic labour-intensive economy.

However, much greater thrust, specialization and international collaboration will be needed to make a real impact on the international market. Certain changes in orientation may also be needed. For example, instead of concentrating only on engineering goods, greater thought may have to be given to the question of taking up the export of turnkey basis or joint ventures, approximately 140 of which have already been approved by the Government. Consultancy, in which India has been able to make

a mark in some areas, may not bring sizable returns in terms of foreign exchange, but would have a significant impact in securing major contracts.

The targets fixed are not considered unattainable by the industry, provided that vigorous efforts are made to remove the bottlenecks, of which there are many at various levels. The time cycle for steel procurement, for example, remains long and uncertain and constitutes the most important delaying factor, often resulting in penalties for non-implementation of work in time. Only a third of the steel requirement is now met from indigenous sources.

Second, power shortages have hit production hard in states like West Bengal, Punjab, Haryana and Uttar Pradesh, and it is necessary

to ensure that power supply priorities granted to the export sector are properly observed.

There are other infra-structural problems as well. A centralized data bank on which exporters could draw freely would help them to execute deals at various stages of maturity. There is also a need for streamlining procedures for processing all cases for export by creating a central authority, representing all the agencies concerned, such as the Reserve Bank of India and the Industrial Development Bank. It would help in dealing with relevant financial and other issues.

Most of these facilities now exist in one form or another. But without centralization and co-ordination of the different dispensing agencies, exporters sometimes have to go to exasperating lengths to get every-

thing cleared. Instances where the resulting deal have cost the country important export contracts are not rare.

Fulfillment of the export target would also require steady rate of growth of industrial capacity and production to meet the shortages in the domestic market, to create surpluses for export, and to give competitive strength to the industry might find itself lacking in adequate capacity and competitive advantages in a widening international market.

A heavy internal demand, somewhat restrictive policies of growth and services, and falls in production could result in an internal seller's market with little incentive for export (see engineering technology article, page XIII).

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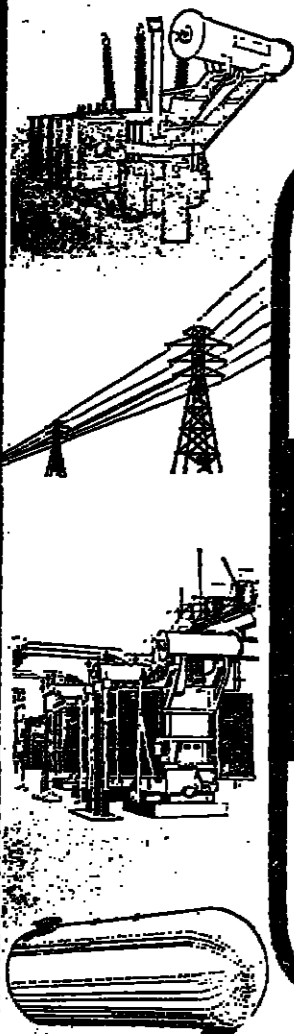
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### Making the most of leather

In the past three years leather has been India's most rapidly expanding export. In 1970 exports of leather amounted to Rs700m (approximately £37.5m); in 1971 they amounted to more than Rs1,600m. In other years they had more than doubled in a period shorter than a five-year plan.

But even 1970's total was considerably up on a typical year in the early 1960s. In 1962 it was Rs532m and in 1963 it was Rs527m. From being one of India's second 11 exports a decade ago, leather is now near the top of the list.

The leather export is centred in Madras, where many tanneries are situated. The leather is also exported from Calcutta and Bombay, but in much smaller quantities.

It is less remarkable than speed with which leather exports have risen in the past few years. The goods exported are skins and hides and are most important. These are sent abroad for further processing into finished products.

### Initial stages of processing

Completely unprocessed skins and skins are now exported on a much smaller scale than formerly. In 1966 the exports amounted to 60m and in 1967 they fell to 4m and now they stand near Rs6m.

The decrease in unprocessed leather exports reflects the shift by many businesses to more profitable carry out the initial stages of processing in India rather than export a completely unprocessed commodity.

The advantage of doing so was that the weight of leather exported was reduced, bringing down the cost of transport. However, low labour costs in India combined with the skill of Indian workmen, also make it worth while to process leather in the country.

The same motives have been responsible for the expansion of leather processing industries. The footwear industry has become increasingly important as an export item, with companies such as Bata actively involved. Nevertheless, the Indian Government feels that this export has not gone enough. Its main aim is

the field of leather exports, as in other areas of export performance, has been to increase unit value realization. This should bring about the maximum return of foreign exchange so vital to India's industrialization.

To this end it has placed a quota on the export of semi-tanned leather, wet-blue chrome hides and skins and crust leather. This will operate by means of quotas on individual firms that have so far been active in this area, accompanied by a reluctance to grant licences to companies intending to start up in leather exporting.

Furthermore, the export of these items will be canalized through the State Trading Corporation. This will prevent profiteering and enable the Government to give a guarantee of quality to overseas customers. This is particularly important because it affects the image of Indian business—and therefore the long-term prospects—for Indian exports—in the eyes of the world.

This concern for quality is also reflected in officially-encouraged schemes for quality control. For example, the export of goat hair and myrobalan, an important tanning material, is under the compulsory Agmark grading scheme. Other considerations impinge, notably India's wish to conserve its wildlife. Poisonous snake skins cannot be sent abroad, while the export of lizard skins is under a quota.

### The predominant buyer

Much the largest market for Indian leather is Europe. The EEC countries accounted for more than half of leather exports and the EFTA countries accounted for a further quarter in 1972-73. With Britain's accession to the EEC, the Community is now the predominant buyer. Japan and the United States make much smaller purchases.

The success of the Indian Government's efforts to switch exporters from unprocessed leather to processed leather goods is at present uncertain. However, if it achieves the same measure of success as the private export trade achieved in the late 1960s and early 1970s, we can expect to see many more leather purses and exports from India in the shops shortly.

T.C.

## Smugglers share the takings in film distribution abroad

Although films are not among India's main exports, as they are made primarily for the vast domestic market, earnings from exports are now about Rs50m a year. About an equal amount is said to be lost as a result of smuggling.

Yet it needs to be noted that the value of film exports has increased by 40 per cent in the past six years, and there is scope for a considerable further increase within a short period.

Sections of the film industry and the Government attach much importance to the export effort. The foreign exchange is useful in paying for imports of raw film and equipment and for films abroad by people in the film business, whether for ostensibly professional purposes, such as special location shooting, or for pleasure. Official restrictions on the release of foreign exchange possibly encourage smuggling and clandestine sales.

### Enhances cultural prestige

The Government knows that more is earned from the sale of Indian films abroad than the country receives in foreign exchange. Hence an increasing official effort to regulate foreign sales and increase exports through regular channels. Apparently it is also felt that the exporting of films of high quality enhances India's cultural prestige. Even popular Indian films shown abroad may have some publicity value, not entirely without a bearing on economic and other relations.

India has been exporting films for nearly 30 years, mostly for Indians abroad. In recent years, however, some truly foreign demand has also arisen. Commercially, the most important comes from the apparent popularity of some products of Bombay and Madras in parts of the Middle East, Africa and South-east Asia; these are Hindi films, but are sometimes dubbed abroad in other languages. Artistically the most significant development is the growing, but still limited, appreciation in the West of films such as those made in Calcutta by Satyajit Ray.

Between the audio-visual extravagance of the Hindi productions with their fairly big budgets and the quiet compulsion of a Ray work there are several categories of Indian films, but none with much export value.

Some experimental or "new wave" films may interest art cinema circuits in Europe and America but can never be a major export enterprise. Even films like those of Mr Ray have not yet made any impact on the commercial circuits.

Films which are neither outstanding as art nor as pure sensationalism may in some cases be fairly sensible in ideas and moderately competent in treatment, but would still fail to satisfy a discerning foreign audience. If they are exported at all, it can be only for their sentimental value for Indians abroad with the same linguistic background.

The main export opportunities lie still in silly Hindi films, with a fare of tawdry opulence, several songs and dance interludes, some obvious sex, much evil and violence and, above all, a heavy dose of didactic sap. The nature or quality of these films cannot be changed; those who talk of improving them, except in the most elementary technical sense, have no idea of what sells—at least in some places.

### Other principal markets

Britain, and especially London, is still the most important export market, because of the large Indian as well as Pakistan and Bangladeshi population there. The other principal markets are the Middle East, Africa, South-east Asia and Russia. There are certain market preferences; not surprisingly, films with much fighting do well in the Middle East. In Britain the preferences are largely similar to those in India, because the audiences are basically of the same composition.

Films are said to be smuggled mainly to London, Beirut, the Gulf states and Afghanistan. From London some films get through to South Africa. Efforts to check smuggling have yielded few results so far; at one stage even Interpol's help was sought. It is asserted that some producers and exporters have a highly organized system for clandestine operations.

The Indian Motion Picture Export Corporation, set up more than 10 years ago, has been able to handle no more than 10 per cent of the total export trade. Both exports and imports are now to be handled by a new National Film Corporation. A restrictive import policy has had some effect on exports. Until a few



The upper classes in India tend to watch British and American films; the lower classes usually watch Indian films.

years ago American films dominated imports, but the drive has been launched to find new markets. The arrangement was terminated after India's insistence on a principle of reciprocity is being invoked also in regard to the importing of Indian films by countries such as Ceylon, Indonesia and Burma, which have custom been good markets for Indian productions. Together with efforts to revive film exports to these countries a promotional business in Europe and America for \$15,000 each. foreign buyer. However, it This is not an impressive figure in the commercial film business, but it is useful for a production costing only about \$60,000. Any loss in the domestic market can now be wiped off by foreign sales. Mr Ray has little interest in the economics of big-budget films, but thinks that or can be done effectively in various foreign languages. There is already some demand from the television me, had been sold in no difficulty in finding a

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A two-page look at the vital ports where modernization and expansion schemes are under way to handle the country's industrial needs

## Bombay, Marmugoa: key role in trade plan

by Aruna Mukerji  
 Financial Express

Although Bombay is India's main port from the point of view of the volume of cargo handled, it does not play a significant role in the nation's exports.

This heavily import-oriented port is truly the Gateway to India for the foodgrains, fertilizers and iron and steel which come from abroad. Of the 15,540,000 tonnes of traffic handled there in 1972-73, about 12,320,000 tonnes were imports and only 3,220,000 tonnes exports.

Actually, what is relevant is the dry cargo handled at the docks. Imports of dry cargo were 3,960,000 tonnes and exports 1,700,000 tonnes. The rest of the cargo of 5,870,000 tonnes in 1972-73 was handled from bUNDERS (open quays) and from Butcher Island, off Bombay, where the Bombay Port Trust has a marine oil terminal.

There is every possibility that Bombay might play a far more significant role in exports in future. In view of the oil crisis, attempts are being made to step up trade between India and the Gulf States. An official survey shows this trade is likely to increase fourfold in the next three or four years.

India's new export strategy in West Asian countries was indicated by Mr D. P. Chatteropadhyaya, the Union Minister of Commerce, in January. The Union Government is considering proposals for setting up cement and steel plants in Saudi Arabia, joint ventures with Kuwait for tyre manufacturing and vegetable oil plants and a sugar rolling mill with Abu Dhabi.

The Minister declared: "When these export possibilities of participating in turnkey projects identified by us are collected, we will have a new export strategy to the oil producing countries. This augurs well for Bombay Port."

### More scope for new products

Though India's traditional exports of tea, jute and oilseeds will remain, there is growing scope for manufacturers of engineering goods, electronic equipment, ready-made garments and so on, much of which will be exported through the port of Bombay.

There are several reasons why exporters in Bombay often find it difficult to obtain cargo space. Although it possesses a large natural deep-water harbour, only Indira Docks can accommodate large vessels. The other two, Prince's and Victoria Docks, can handle vessels of only 5,000 tons.

Indira Docks (formerly Alexandra Docks) has 21 berths, seven of which are used for handling imported foodgrains, fertilizers and fertilizer raw materials. Iron and steel, another important item of import, take up four or five berths. In 1972-73 the import of iron and steel totalled 713,000 tonnes. The remaining berths have to deal with imports like textiles, cement, chemicals, as well as exports.

The situation in Bombay differs from that in Calcutta, India's main port of export, where ships frequently come in empty and are then laden with jute, tea or coal for export. In Bombay, ships generally bring in cargo and, after unloading, are filled with export cargo.

One berth in Indira Docks is now unofficially reserved for export cargo. The Port Trust proposes to set aside another berth in the other two docks for exports to the Gulf area, since this trade does not require large ships.

One of the main complaints of Indian exporters is the small number of transit sheds in which they can store cargo for export. At present these sheds are taken up with imported goods. Exporters are justified in complaining that goods have to be exported piecemeal because of insufficient storage space resulting in higher costs.

Ships often sail from Bombay without export cargo because it could not be stored in the transit sheds. But the port authorities are doing their best to offer better exporting facilities.

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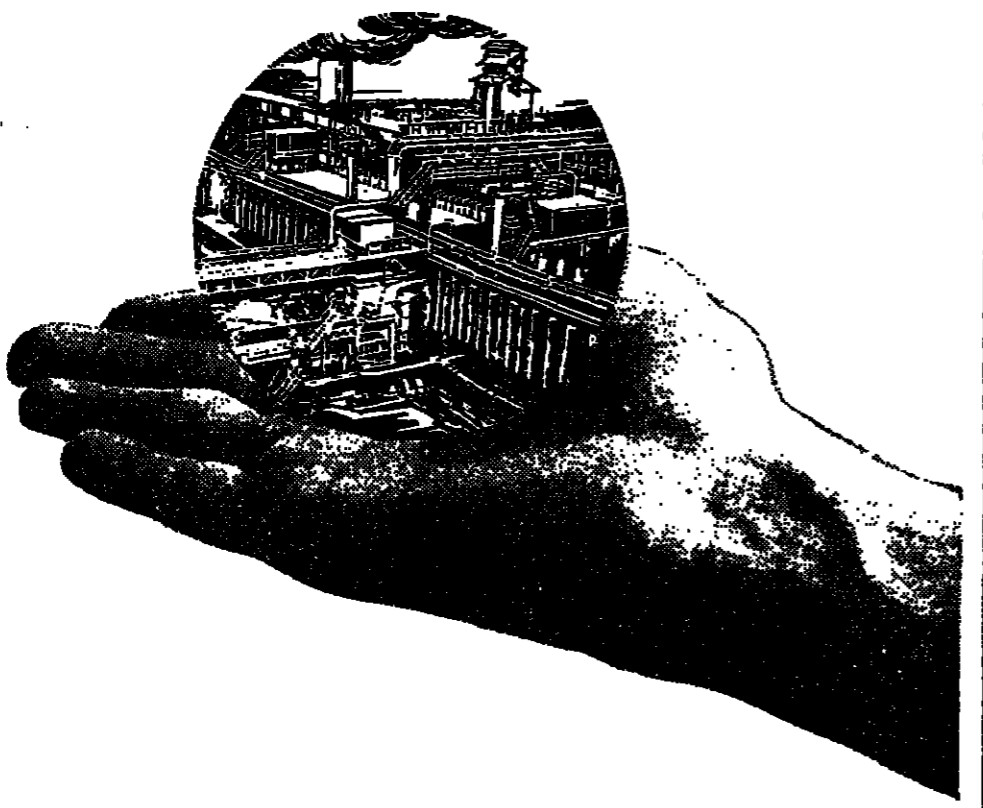
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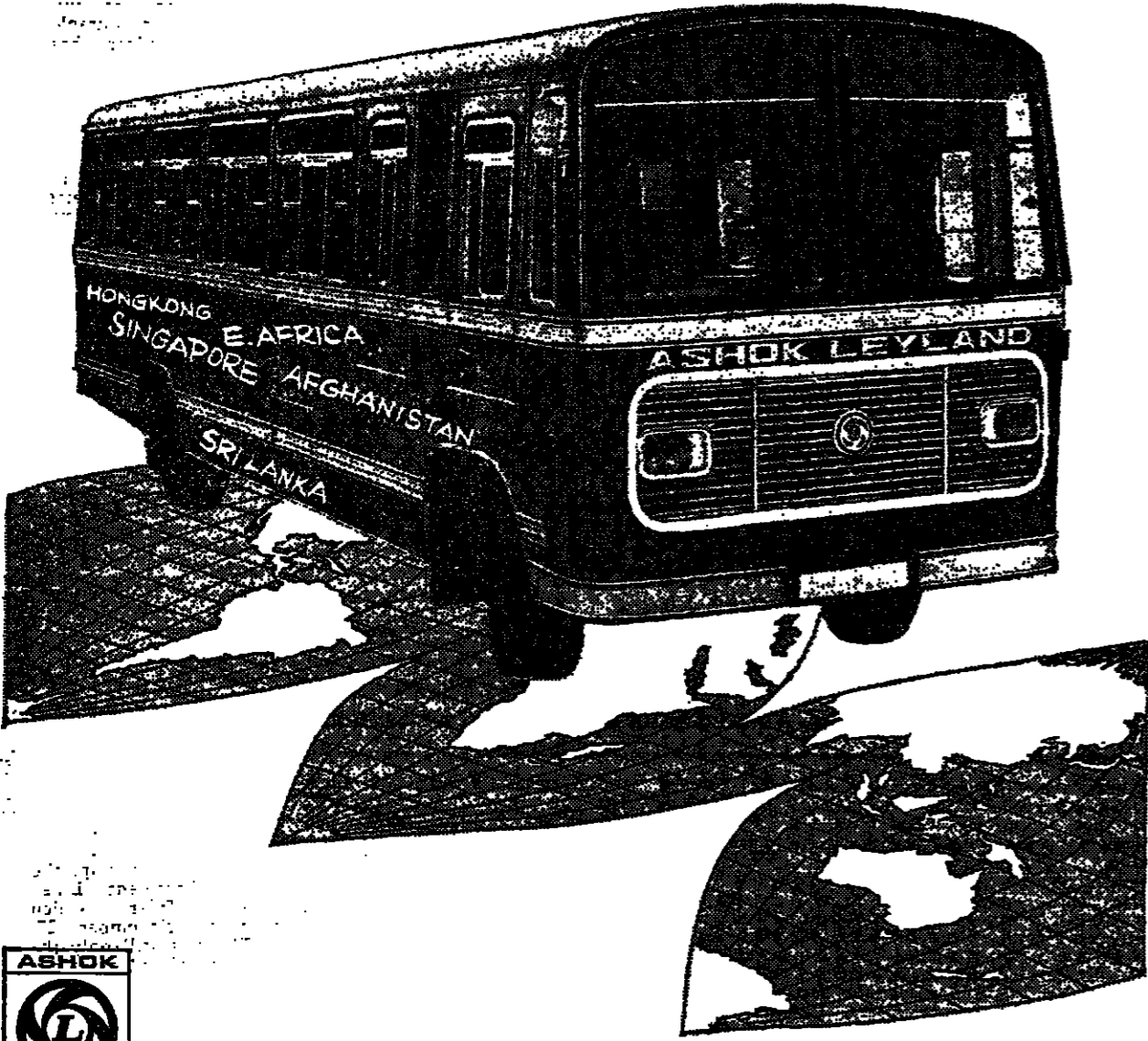
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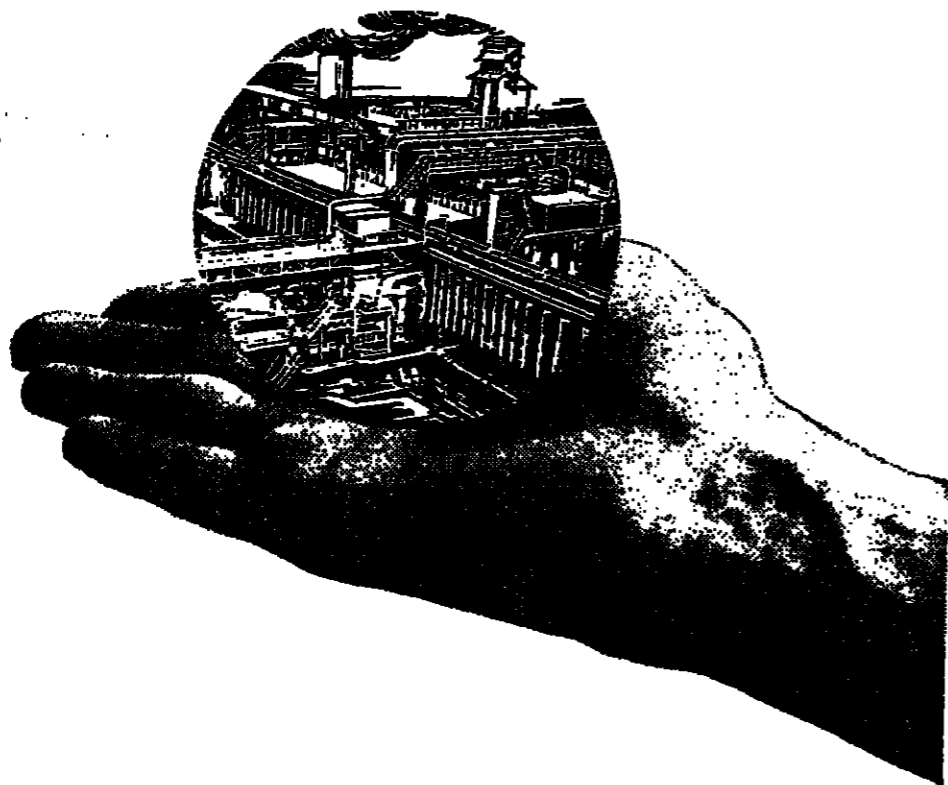
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A two-page look at the vital ports where modernization and expansion schemes are under way to handle the country's industrial needs

## Bombay, Marmugoa: key role in trade plan

by Aruna Mukerji  
Financial Express

Although Bombay is India's main port from the point of view of the volume of cargo handled, it does not play a significant role in the nation's exports.

This heavily import-oriented port is truly the Gateway to India for the foodgrains, fertilizers and iron and steel which come from abroad. Of the 15,540,000 tonnes of traffic handled there in 1972-73, about 12,320,000 tonnes were imports and only 3,220,000 tonnes exports.

Actually, what is relevant is the dry cargo handled at the docks. Imports of dry cargo were 3,960,000 tonnes and exports 1,700,000 tonnes. The rest of the cargo of 9,570,000 tonnes in 1972-73 was handled from bunders (open quays) and from Butcher Island, off Bombay, where the Bombay Port Trust has a marine oil terminal.

There is every possibility that Bombay might play a far more significant role in exports in future. In view of the oil crisis, attempts are being made to step up trade between India and the Gulf States. An official survey shows this trade is likely to increase fourfold in the next three or four years. Bombay will be the natural outlet for the bulk of the exports to the Gulf States and the Arab world.

India's new export strategy in West Asian countries was indicated by Mr. D. P. Chatterjee, the Union Minister of Commerce, in January. The Union Government is considering proposals for setting up cement and steel plants in Saudi Arabia, joint ventures with Kuwait for tyre manufacturing and vegetable oil plants and for a steel rolling mill with Abu Dhabi.

The Minister declared: "When these export possibilities are being explored, key projects identified by us are collected, we will have a new export strategy to the oil producing countries". This augurs well for Bombay Port.

### More scope for new products

Though India's traditional exports of tea, jute and oil-seeds will remain, there is growing scope for manufacturers of engineering goods, electronic equipment, ready-made garments and so on, much of which will be exported through the port of Bombay.

There are several reasons why exporters in Bombay often find it difficult to obtain cargo space. Although it possesses a large natural deep-water harbour, only Indira Docks can accommodate large vessels. The other two, Prince's and Victoria Docks, can handle vessels of only 5,000 tons.

Indira Docks (formerly Alexandra Docks) has 21 berths, seven of which are used for handling imported foodgrains, fertilizers and fertilizer raw materials. Iron and steel, another important item of import, take up four or five berths. In 1972-73 the import of iron and steel totalled 713,000 tonnes. The remaining berths have to deal with imports like textiles, cement, chemicals, as well as exports.

The situation in Bombay differs from that in Calcutta, India's main port of export, where ships frequently come in empty and are then laden with jute, tea or coal for export. In Bombay, ships generally bring in cargo and, after unloading, are filled with export cargo.

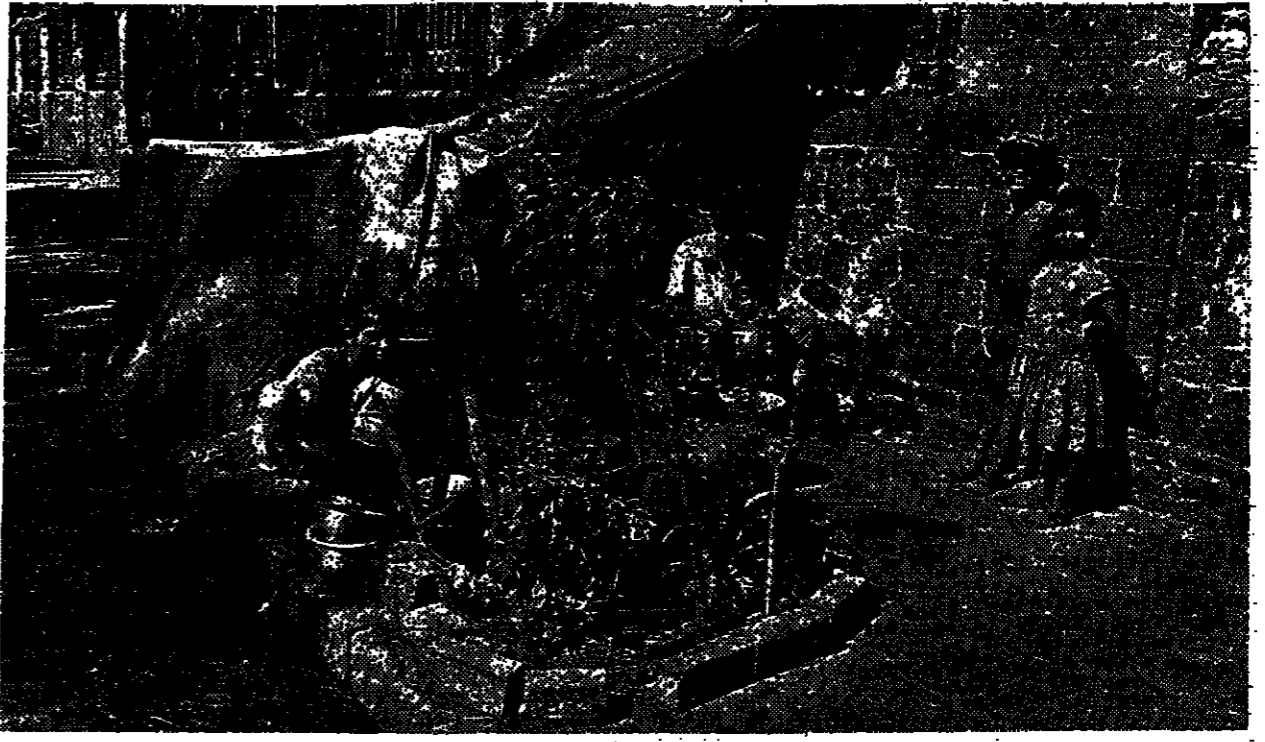
One berth in Indira Docks is now unofficially reserved for export cargo. The Port Trust proposes to set aside another berth in the other two docks for exports to the Gulf area, since this trade does not require large ships.

One of the main complaints of Indian exporters is the small number of transit sheds in which they can store cargo for export. At present these sheds are taken up with imported goods. Exporters are justified in complaining that goods have to be exported piecemeal because of insufficient storage space resulting in higher costs.

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سازمان ابراهیم

# Merchant tonnage to be doubled

Originally all three yards were privately owned (the latter two by British companies) and were later taken over by the Indian Government. The Hindustan Shipyard in 1954 (and placed under the Ministry of Shipping) and the other two in 1960 (under the Ministry of Defence).

The Mazagon Dock company is India's leading shipbuilding and repair yard. Primarily a repair yard under its British owners (British Company and P & O), its facilities have been vastly expanded since its nationalisation. It now builds both warships for the Indian Navy (Leander class frigates and inshore minesweepers) and merchant vessels, besides attending to the increasing repair needs of the navy and foreign and Indian merchantmen.

The company has built two new ship-building berths, an impounded dock capable of accommodating four medium-size ships at a time and new production and assembly shops equipped with complex machinery. A Mazagon-designed and constructed passenger-cargo ship which can carry 892 passengers is being fitted out.

Mazagon Dock maintains a round-the-clock, seven-day-a-week repair service and it is a tribute to its performance that it is kept busy in the course of one year (1972-73), the shipyard repaired 621 ships, 250 of them foreign flags. In this respect, Mazagon is a big foreign exchange earner. In 1972-73 it earned over \$100 million in foreign exchange. It won plaudits recently for carrying out extensive repairs to two foreign supertankers, the *Alvaro de Bazan* (166,000 tons) and the *Esso Anglia* (190,300 tons), which could not enter Bombay harbour and had to be anchored 25 miles away from the shore. Mazagon has plans to build a dry dock and other facilities at Nava Shara near Bombay, where the water is deep enough to take in ships up to 250,000 tons.

A wet basin of 226 metres length and 73.2 metres width is under construction and is scheduled to be completed next year. This basin is intended to serve the dual purpose of providing berthing facilities for fitting-out new ships and for carrying out repairs afloat.

An outer harbour project, designed to handle ships, mostly ore carriers, of 100,000 to 200,000 tons, is also nearing completion. The shipyard has plans for setting up a ship repair and building complex at the

necessary cranes, which include a 125-ton hammer head crane.

The shipyard employs about 4,000 workers, 250 supervisors and 220 technical officers. Most of the officers are university graduates in naval architecture, marine and other aspects of engineering. Many of them have been trained in advanced shipbuilding and production technology in Britain, Germany, Japan and Poland and they are periodically sent abroad to keep themselves abreast of the latest trends in shipbuilding and automation techniques.

Hindustan Shipyard has so far built and delivered 63 vessels (amounting to over 500,000 grt), most of them being ocean-going cargo ships. The ships built at this yard have been assigned 'A' classification by Lloyd's and are said to be comparable to European-built ships in all respects.

over harbour, which will be one of the deepest artificial harbours in the world.

The Garden Reach Work-shops, Calcutta, which was established in 1884 as a partnership firm and was taken over by the Government of India in 1960, was also mainly a ship-repairing unit to start with, but has since then built up capacity to build tugs, dredgers, launches, fishing trawlers and liner and bulk carriers of 25,000 tons. Its expansion plan provides for the modernization of its existing dry dock into a building dry dock and the construction of a finger-type fitting-out jetty and the improvement of the facilities in the workshops for building ships.

When this expansion plan is completed during this year, Garden Reach will be able to build two ocean-going ships of 25,000 tons a year. Apart from this, the company has set up a marine diesel engine plant at Ranchi in Bihar in collaboration with MAN of West Germany.

Apart from these three units, a big shipyard is going up in Cochin with technical collaboration with Mitsubishi Heavy Industries of Japan. The shipyard which will cost about \$40m is expected to be completed by September 1975 when the keel of the first ship will be laid.

Besides these four major yards, there are a number of other units in the private sector, such as Andrew Yule and Co. of Calcutta, Alcock, Ashdown & Co of Bombay and Gladstone Lyall and Company, Calcutta, which are engaged in building tugs, hopper barges, small craft, inland sea-going vessels up to 1,000 tonnes, and so on.

There are many problems which the Indian shipbuilding industry has to reckon with. The dependence on imported equipment which used to be as high as 80 per cent about 10 years ago has now been reduced to 45 per cent. When the marine diesel engine plant at Ranchi goes into production, the dependence on imported equipment will further come down to 15 per cent.

The crucial items that are still being imported are the advanced navigational equipment like gyro, compass and radar which are obtained mostly from Britain.

India has still much to learn in technology, both for designing shipyards and building ships. This technological gap is expected to be bridged when the Government sets up the proposed Central Marine Design and Research Organization for building a nucleus of Indian engineers.

Expansion in two stages

Pioneer Class mini-bulkers of 21,600 tons figure predominantly in the construction programme of the yard. Including the vessels under construction, the shipyard has on order 24 vessels, 19 of them Pioneer Class mini-bulkers. The company has a two-stage expansion programme, drawn in consultation with Seadrec and Livsey Henderson of the United Kingdom, under which shipping tonnage is to be increased to 86,000 tons a year. The expansion is estimated to cost about \$6m.

Together with the ship-repairing facilities installed two years ago, Hindustan Shipyard is a composite yard of importance in Asia. Its dry dock, the biggest in India, is 244 metres long and 38 metres wide with an overall depth of 11.8 metres from the ground level to the floor of the dock. The dock can accommodate ships up to 57,000 tons. Bigger ships up to 70,000 tons may also be docked, subject to the limitations of length, width and draft.

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Poverty alongside twentieth-century technology—one of the new power stations outside Delhi. Its generators have an output of 400 megawatts.

# Development of nuclear power spearheads drive to solve energy problems

by Tim Congdon

However, nuclear power, as a supplement to the conventional power sources, is reasonably well endowed with energy resources. Nevertheless, the subcontinent has been hampered in recent years by persistent power shortages.

It has also become anxious of the oil reserves of its Arab neighbours. The dramatic rise in the price of oil has been a special grievance, not only because of the dire impact it will have on India's balance of payments, but also because it establishes a marked disparity in income per head between two regions, which, if not far apart geographically, have economic problems of different kinds and gravity.

However, India has been making a determined attempt to overcome the problems facing it. There are three main parts to its programme. The first is the development of nuclear power, which culminated in the explosion of a nuclear device on May 16. India has insisted that this is for peaceful purposes. It should be of immense value in helping to assimilate the technology associated with the development of nuclear power stations.

details are still clearly the subject of negotiation, but it seems likely that American companies are among those involved.

This followed a visit of Mr Boroah, the Minister of Petroleum and Chemicals, to the United States and Britain at the end of April. It is understood that the companies in question are fairly small and that the Indian Government is intending to give the state undertaking the Oil and Natural Gas Commission the exclusive right to exploit one of the 10 blocks.

The size of the reserves off the Indian coast is a matter for speculation. But it would evidently make an immense difference to the Indian balance of payments if the reserves turned out to be large.

The Government has long been reluctant to grant prospecting concessions to foreign companies, because of its wish to rely on its own resources of manpower, finance and technical skill. However the oil crisis has prompted a reexamination of priorities.

A government statement in the middle of May said that foreign firms have been invited to undertake the exploration and development of oil on India's continental shelf. The statement was terse because the

ones for iron and steel production, precarious and, at times, impossible. The situation has been aggravated by go-slow action by power engineers. This also has been most severe in the eastern states, with West Bengal and the export corridor, Calcutta, the main victims.

In the western states conditions are, on the whole, much better. States such as Punjab, Haryana (which includes Delhi) and Madhya Pradesh (which includes the Bombay cotton industry) have scarcely been affected this year, although the Bombay cotton industry was loud in its complaints until recently.

Part of the problem is the new capacity of agricultural machinery installed in parts of India for this year. This is largely the privately-owned electricity generating capacity which has been obliged to curtail its output because of government restrictions, prices down and the shortage of new capital. However, the fifth plan to remedy this and a capacity of 2,120,000kW is envisaged for 1974-75.

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# The king of India's forests doesn't rule the land any more



When you think of tigers, naked fakirs and the Indian rope trick, you think of an India that most of her own people do not know. For while the tiger roars majestically in his reserved forests, the modern Indian is busy carving out a better life for himself. Today, tractors and steel plants are the symbols of a new India.

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workmen are first-rate, our goods are of impeccable quality. And so, they find eager acceptance not only in neighbouring countries but also in the highly competitive and exacting markets of the West.

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مركز من لإصل



Commuters from the suburbs of Bombay during the morning rush hour.

## Railways have difficulty keeping up the pace

Special correspondent

transport bottlenecks certainly play their part in delaying deliveries. Like everything else in India, the transport problem is big and complicated. Over the past 10 to 15 years, the railway ministry has electrified or changed to diesel several thousand miles of track, though steam traction remains the primary form of power. Now the country's energy crisis is total and there is pressure in every direction—on oil, coal and electricity.

The hoisting of Middle East oil prices has hit the country hard. India may have to spend nearly 75 per cent of its foreign exchange earnings on oil imports in the coming year. But there is a glimmer of hope in optimistic reports of the latest oil strike in offshore drilling off Bombay. The area may yet become India's North Sea.

There is a one million kilowatt shortage of electrical power, especially in northern India and the vital eastern industrial districts of West Bengal, caused by lack of water in rivers and of coal, and production in most factories has resolutely been curtailed.

India has vast coal resources, but mining has run into difficulties since the nationalization of the mines two years ago. Frequent strikes and primitive methods, inherited by the Government from the former owners who spent little or nothing on modernization, keep to schedules, and pose major problems.

All these difficulties have confronted the Indian Government with a serious difficulty—where to concentrate its efforts. Manufacture of steam locomotives was stopped only two years ago, but there are now suggestions that it should be revived. There may also have to be a temporary halt to electrification.

Despite the problems, the Indian railways remain among the cheapest in the world. You can travel 1,000 miles by third class for a mere Rs50 (less than £3). A 20-tonne wagon costs just over Rs 1,000 (£55) to haul goods over a distance of a thousand miles. With the oil price increases, lorry transport can no longer undercut rail charges.

Between them, the rail lines and the fairly well maintained road network of more than 300,000 miles, provide fast connexions for people and goods to every corner of India. All major ports are well served, though efficiency could be greater.

Firm estimates are hard to come by, but it is thought the country's 400,000 commercial vehicles—mostly built domestically—haul almost as much freight as the railways. Oil price increases have not, however, helped.

The railway moves vital raw materials, such as coal, fertilizers, oil and food products, in bulk. Its importance can be gauged from the damage done by a 20-day strike

over wages last May, when the national economy lost something between £5,500m and £11,000m in production. The railway also offers special fast freight trains and a fairly successful door-to-door container service.

The country's planners have done well to build up a massive rail manufacturing industry, too, which supplies most of India's requirements and also sends abroad. According to experts, export orders for wagons and rolling stock could pour in if there were no steel shortage and schedules could be met.

The jet age has yet to make any major impact on the country's external trade, mainly because of the cost and the type of exports. There are few items of consumer cargo that can be carried by air, but what little there was has also been affected in recent years.

Many international carriers abandoned Calcutta several years ago because of the frequent strikes, violence and other troubles in the West Bengal capital. Now more air lines are avoiding other airports such as Bombay and Delhi because of the fuel situation.

But in any case, according to some leading exporters, a more important problem than finding space on planes is that of getting goods to the airports on time.

Another of the country's handicaps is its highly congested docks, especially in

Bombay and Calcutta. While a new harbour is being planned for Bombay along with the two-city across the overcrowded island town, Balda port has already started relieving some pressure on the freshwater port of Calcutta which is so difficult to navigate.

There is little seaborne internal trade, unless one takes into account the short coastal runs by small sail-driven craft. However, the Government is spending money on encouraging transport along the coast by mechanized craft as well as on building up an inland transport network.

While the Government grapples with so many complex problems of transport, a newspaper editorial recently supported the idea of boosting the age-old method of bullock carts. According to a survey, carts carry more than 2,000 million tons of goods on short hauls every year—almost 10 times as much as the railways.

The Indian Institute of Management, in the southern city of Bangalore, is reported to be making a study of how to construct an efficient bullock cart that can move faster and travel longer distances. The newspaper maintains there is no doubt that bullock carts will continue to play a major role in the nation's economy, and few Indians would deny that.

freight rates have been rising far too frequently. It profits through the conference, unilaterally imposed, and unexplained surcharges. The conferences on their part plead helplessness in a world economy with high inflation rates and floating currencies.

They claim their rates of return on investments remain low, that Indian ports are grossly inefficient—resulting in a disastrous long turnaround time for ships—and that Indian export cargoes, because of their lower unit values, have traditionally been subsidized by shipments from Europe to India whose unit values are higher. European shippers, they claim, now reject this round voyage freight rate structure.

It is quite possible that Indian exporters are over-sensitive to freight rate changes. A commodity for example tea, in which supply outstrips demand is clearly sensitive to freight costs. The freight element in the price of tea has risen over the decade from 6 to 12 per cent. But as the rupee is floating, it has depreciated against all major currencies.

This makes Indian exports highly competitive and has not been demonstrated that an increase in freight costs inhibits all Indian export items. As one exporter puts it: "We can bear freight rate increases. What we cannot bear is the absence of shipping."

## Growing shortage of shipping services

by a Correspondent

Shipping is rapidly becoming a major constraint on India's exports. Two factors are at work here. Freight rates have been rising steadily, and exporters claim this is inhibiting export growth. Second, and more serious, there is a growing shortage of shipping services.

This is indirectly related to the freight rate problem, because the shortage is most acutely felt in the liner trade where the constant confrontation over freight rates between the conferences and the Indian shippers—which are backed heavily by the Indian Government—makes Indian ports unattractive to the conferences.

In 1972-73 Indian ports handled 58 million metric tons of traffic. Of this about 46 million tons consisted of four bulk commodities: petroleum products, fertilizers, foodgrains (all imports) and iron ore exports (13 million tons primarily to Japan). Other dry cargo, which is handled mainly by the liner conferences, totalled about 12 million tons and has been virtually stagnant at that level for the past five years.

This stagnancy in dry cargo goes partly to reflect the slow growth both in volume and value terms of Indian imports of non-bulk commodities. It also reflects the fact that the entire growth in exports during this period has been largely due to higher unit value realizations. However, the boom in Indian exports over the past 18 months has focused attention on the inadequacy of shipping space, particularly on the India-United Kingdom/West European routes.

Freight rates have been rising steadily. The Shipping Ministry reports freight rate increases varying from 10 to 27 per cent in 1973-74. The liner conferences have also levied 10 to 15 per cent currency adjustment surcharges, bunker surcharges and port congestion surcharges, particularly in Bombay when the turnaround time for vessels deteriorated sharply last year.

The subcontracting—United Kingdom—West European conference (which handles over 40 per cent of India's trade) is proposing a 10 per cent increase in freight rates from October, 1974 as compensation for rising operating costs. This follows a 12.5 per cent increase imposed last October. Indian shippers have rejected the proposals, and the battle lines have been drawn for yet another showdown in the negotiations due to take place this autumn.

The Government says that

bodies which eliminate and pool their profits. This in effect means that freight rates are determined by the operating costs of the least efficient members of the conference. New members are scrupulously kept out, and hence exporters are left entirely at the mercy of the conferences because they are left with no alternatives, and deprived of the enormous technological advances in world shipping.

The India-United Kingdom/West European conferences have been able to indulge in these restrictive practices because Indian flag ships—including the public sector giant, the Shipping Corporation of India—are members of the conferences and are kept happy with a large share of the cake.

The Government, on its part, has from the very beginning an interventionist policy vis-a-vis the conferences. Through a freight investigation bureau the Government attempts to ensure "fair" freight rates and secure space for Indian ships. New Delhi also insists on sizeable rebates for government and public sector imports and exports and frequently negotiates special freight rates for particular commodities as, for example, the recent successful attempt to reduce freight rates for newsprint and woodpulp imports.

This policy has had a predictable impact on the behaviour of conferences who have retaliated by simply reducing the frequency of their services to India, allocating "any old ship" to Indian routes, and finding any excuse to raise freight rates. One shipping economist describes the frequent use of the currency adjustment factor for levying surcharges as "quite wicked".

India's deputy Minister of Shipping announced in Calcutta recently that his ministry was reviewing the working of the liner conferences. He said the system was not working in India's interests and the Government was examining what could be done about it. He called for greater coordination between shippers and shipping lines so as to make the optimum use of what some of the shipping space was available.

The shipping ministry is reportedly investigating the economics of liner conferences. It is anxious that major corporate tax rebates clear formula for currency adjustment surcharges. The case for separating the pure haulage component from the cargo handling charges so as

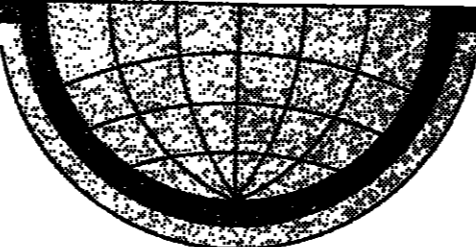
to differentiate the issue of port inefficiency from the issue of rising operational costs is also under examination. The commerce ministry, which is concerned about the adverse consequences for Indian exports, has been emphasizing the need to improve port efficiency and introduce palletization and containerization to reduce turnaround time. The ministry is also arguing the case for a larger investment by Indian shipping companies in dry cargo liners. India has 201 ships operating on its overseas trade routes; these ships account for roughly 16 per cent of its trade. However, the share of Indian flag carriers in bulk commodities is low, though Indian ships handle 45 per cent of the liner trade.

## Provided the bulk of the funds

The planning commission, with its eye on making a major dent on the foreign exchange payments—payment of freight payments, has provided the bulk of the funds allocated for shipping in the fifth five-year plan (1974-79) for the acquisition of bulk cargoes and tankers. Of the 250 ships due to be acquired during the plan, 107 will be liner vessels, and 143 will be tramp ships. The tanker fleet will increase fivefold to 1,370,000 gross tons, the tramp fleet over 2,900,000 tons. As a result, the total fleet will be 4,360,000 gross tons, and the bulk carrier fleet over four times to 3,560,000 tons.

However, the liner fleet will only double in tonnage from 1,630,000 tons to 2,900,000 tons. As a result, while the plan estimates that by 1979 Indian ships will carry 100 per cent of the trade in crude oil and petroleum products, 50 per cent of the iron ore exports to Japan and 100 per cent of the iron ore exports to Europe, its share in the liner trade will go up from the present 45 per cent to 50 per cent.


This relatively small allocation for liners fits in with the priorities of Indian shipping companies. They find the liner trade too troublesome and not profitable enough to make the effort worth while. With the withdrawal of the development rebate on acquisition of bulk carriers after May 31, 1975, the investments in Indian-owned bulk carriers will be reduced. The investments in Indian-owned bulk carriers will be reduced. The investments in Indian-owned bulk carriers will be reduced.



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# Bank finance has added muscle to overseas sales effort

The quantum of export credit provided by banks has increased steadily over the years with the increase in the value of exports. India's exports registered a big spurt during the past two years: from Rs16,070m in 1971-72, they went up to Rs23,520m in 1973-74, representing a growth rate of 16.5 per cent in 1972-73 and 22.5 per cent in 1973-74.

This sharp increase must be attributed at least partly to the global inflation and the consequent higher unit prices realized, especially in rupee terms. Even so, banks did provide all the financial support needed to accomplish this growth.

### Filling some gaps in credit

The amount of export credit outstanding has gone up from Rs4,370m in March 1972 to Rs7,850m in March 1974, which represents a growth rate of 20.5 per cent in 1972-73 and 48.9 per cent in 1973-74. Besides, such credit accounted for 33.4 per cent of the value of exports in 1973-74 against 26.6 per cent in 1971-72.

In rendering financial support to the export effort, banks have attempted to fill in certain lacunae in the financial arrangements. A decade ago, India, like other developing countries, was a recipient of suppliers' credit provided by West European countries, the United States and Japan for import of intermediate products and capital goods. This situation changed with the development of manufacturing

capacity in a number of lines of production under the impetus of import substitution. Engineering goods account for about 10 per cent of India's exports and a sizable proportion of these goods goes to developing countries in Asia and Africa. Since the purchasers in those countries do not have the resources to pay in full for the imports, they have to depend on credit provided by suppliers or alternatively by banks in their country.

Commercial banks in India have taken the initiative to provide medium and long-term credit to purchasers of capital goods abroad, though in certain cases they have been refinanced by the Industrial Development Bank of India (IDBI) at concessional rates. In select cases, the IDBI participates with the commercial banks and takes responsibility for the risk involved.

Commercial banks have also entered into consortium arrangements in cases where the financial involvement is substantial. As a supplement, efforts have been made to introduce buyers' credit under the initiative taken by the IDBI. Commercial banks are now giving, wherever necessary, credit directly to foreign buyers of capital goods manufactured in India.

Thus the new forms of credit provided by banks have enabled Indian exporters to compete effectively with exporters from foreign countries in bidding for supply of capital goods and machinery.

In addition to providing deferred payment facilities to exporters, the Reserve Bank is arranging credit in foreign currencies with the assistance of their foreign branches and correspondents. Indian firms under-

taking turnkey projects or joint ventures in other countries, require rupee finance to buy the equipment manufactured in India and foreign exchange to make other purchases, pay wages and meet incidental charges in the country where the project is located.

While the rupee finance needed for fulfilling the contract is provided domestically, the foreign exchange required is arranged through branches or correspondents operating in those countries against guarantees provided by the financing bank. The facilities thus made available by banks in India may be considered even more comprehensive than those provided by banks in some of the developed countries, where finance is given only for export of goods and services produced in that country and not for purchases made in third countries.

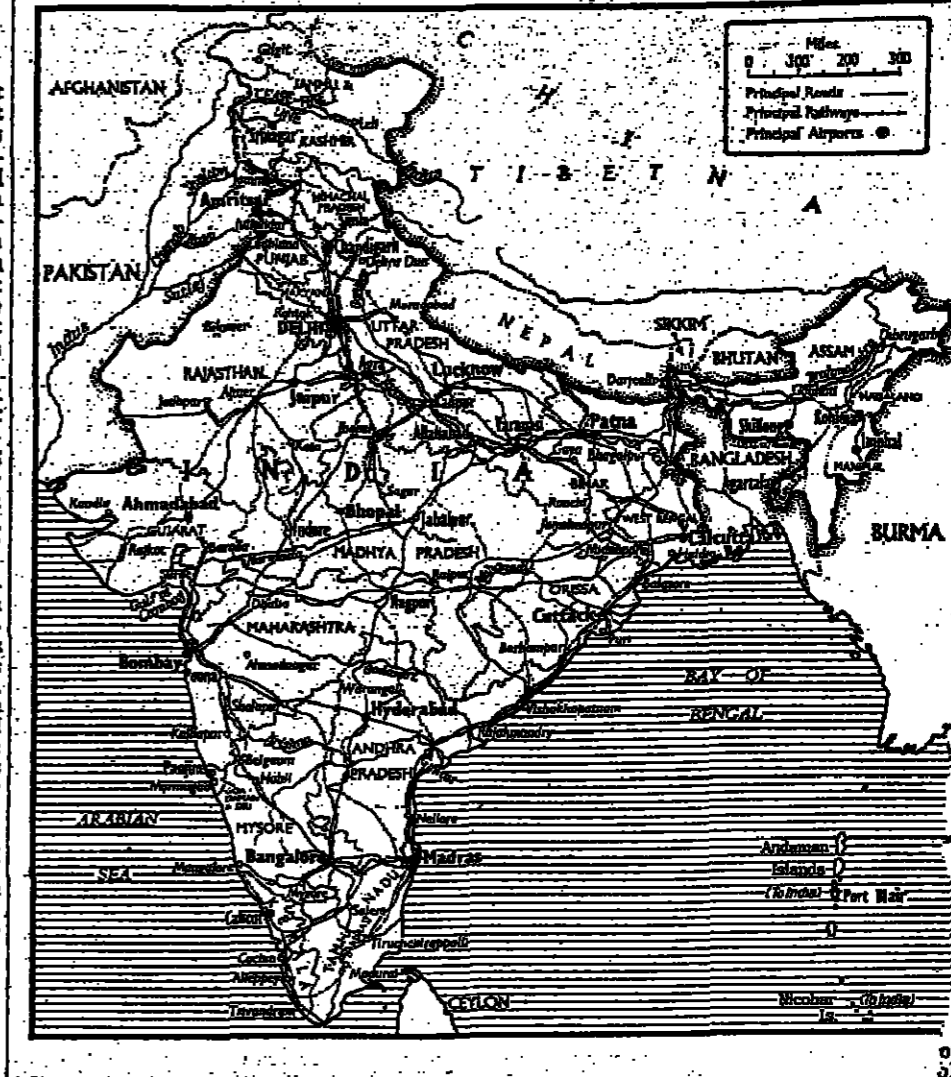
Some of the banks in India have gone a step further and taken responsibility for collecting the export realisations and remitting them to India from time to time. This, no doubt, goes much beyond the conventional banking function and is a major step forward in providing support to India's export effort.

## Help for smaller enterprises

An assessment of the role of Indian banks in export finance would be incomplete without reference to the assistance provided by them to the small exporter. In the past, small exporters wishing to sell goods abroad had to depend upon private bankers or financiers both for credit and for other services. But recently, banks have stepped in to assist them in a big way by providing credit, exploring market potential and securing reports on the credit standing of the importers in foreign countries.

The services thus provided have enabled several small exporters of ready-to-wear garments, leather goods and handicrafts to find markets for their products abroad and earn a tidy sum by way of foreign exchange. Simultaneously, the support given by commercial banks in spite of the high degree of risk involved, has helped to foster the continued growth of several traditional and labour intensive activities in the country.

The Government and the Reserve Bank of India have provided the necessary facilities to commercial banks for meeting the credit requirements of exporters. First,



## Foreign investors take notice

If the Indian Government is to be believed, foreign investors are beginning to look at India for the first time as a credible base for export operations. In its latest annual report, the Trade Development Authority, an official body set up to promote non-traditional exports to the affluent markets of the world, cites the following examples.

An American company is proposing to produce tennis rackets for export to the United States.

Another wishes to manufacture glass-fibre ocean-going luxury yachts for 100 per cent export to the American market. An Irish company is proposing to produce wooden luxury yachts for export only. A British company, owned by an Indian, is being persuaded to set up a shirt manufacturing factory outside Delhi for exports to Britain. A French company is planning to produce leather watch straps for export to Europe.

A West German enterprise is proposing to manufacture electronic calculators and quartz clocks with a liquid crystal display, again for 100 per cent export. A Belgian company is considering transferring its complete plant and machinery to India for the manufacture of bicycle chain wheels and cranks.

There are countless other examples. Whether they add up to a substantial flow of foreign private investment into export-oriented ventures is still too early to tell. There are no recent statistics available on the subject. But all the evidence suggests a growing interest which has still to be translated into sizable investment decisions.

The interest is primarily confined to labour intensive

industries or areas of technology that are being "vented" from the West in favour of the developing world. Taiwan and Hong Kong, to name two countries, have already taken advantage of this in a big way. As always, India has been late off the mark. But it is waking-up to the possibilities.

Its abundant supplies of low-cost skilled and unskilled labour and managerial talents provide a unique advantage for a large export operation. The setting up of special export processing zones and the incentives it is attempting to provide foreign investors who wish to get a foothold into Indian export activities reflect a significant shift in official policies.

The list of incentives India offers export-oriented foreign investors is long, and superficially, impressive. Export ventures receive priority treatment under India's industrial licensing regime. Companies with a foreign equity holding in excess of 40 per cent are normally only allowed to expand in a restricted set of industries, usually involving substantial capital investments or complex technologies. This restriction is waived if such companies are willing to invest in any operation in which more than 60 per cent of the output is exported.

Foreign investors and foreign-controlled Indian companies are usually not permitted to invest or expand operations in industries reserved for the small-scale sector. But should they be willing to accept an export obligation of 75 per cent of the proposed output, this rule may also be waived. Fresh foreign investment is also permitted only when the equity participation is below 40 per cent. But this rule can be waived when

## Flow of aid increases—in spite of entry into nuclear club

by Sarwar Lateef, *The Statesman, Delhi*

The biggest fall-out expected from India's underground atomic explosion in May was a possible cut in economic aid on the ground that India was diverting its scarce resources to matters of low priority. But, surprisingly, the concern at India's entry into the nuclear club did not develop into any concerted move for economic reprisals.

The Aid-India Consortium meeting in Paris in the middle of June endorsed the World Bank's recommendation of a sharp increase in assistance to India in 1974-75 to help the country meet the higher cost of oil imports. This commitment represents an increase of \$200m over the 1973-74 level.

Only two countries translated their concerns over India's nuclear intentions into specific gestures. Japan announced that it would freeze assistance at 1973-74 levels, while Canada said that it would review non-agricultural assistance and not take part in the proposed debt-rescheduling. Italy and some of the smaller European countries were unable to announce firm commitments because of domestic financial difficulties.

But some of India's main bilateral donors, more than made up for these hesitations by substantially raising their assistance. The United Kingdom, now India's largest bilateral benefactor, promised \$75m, a 19 per cent increase. West Germany promised 350m Deutschmarks, an increase of 16 per cent; Sweden gave a pledge of

265m kronor, an increase of 48 per cent; and France promised 274m francs, an increase of 16 per cent.

The United States indicated that the foreign aid Bill before Congress provided \$75m for India. This level of aid is well below the assistance that the United States used to give India in the 1960s.

The biggest component of this year's \$1,400m commitment is from the World Bank's soft loan affiliate, the International Development Association, which is expected to contribute \$600m provided that the United States Congress approves the fourth replenishment.

Although IDA assistance is crucial to India's calculations, there is considerable undistributed IDA aid in the pipeline and, taking into account the fast disbursing nature of the present year's commitments, the Indian Finance Ministry expects that disbursements of consortium aid in 1974-75 will total as much as \$1,350m, a good third more than last year.

Mr M. C. Kaul, the Economic Affairs Secretary, says that this increased inflow of aid helps to meet the payments crisis but is quick to add, "We are still in a difficult situation and have to use our resources very sparingly and very cautiously."

This underlying caution is understandable. India's import bill is expected to rise from \$3,295m in 1973-74 to \$5,000m in the present year; this is because of a vast increase in the cost of oil and fertiliser and a sharp deterioration in the food situation which necessitates

importing at least four million to five million tons of food.

The World Bank has estimated that oil imports will cost \$1,300m in 1974-75, compared with \$250m two years ago; fertiliser is likely to total about \$800m and food the balance from \$400m to \$600m.

Exports in 1974-75 are estimated by the World Bank at \$3,200m compared with the provisional figures for 1973-74 of \$3,014m. With a debt service liability of \$700m, the total payments gap is likely to exceed \$2,500m.

If consortium disbursements reach \$1,350m, there would still be a gap of \$1,150m to be bridged. Of this the World Bank expects, rather optimistically, that credits from other sources, primarily the Soviet Union and East European countries, will total \$300m. There would also be \$375m in the form of drawings on the International Monetary Fund which have already been completed and \$200m in the form of oil credits. This still leaves an uncovered gap.

The implications of this arithmetic, however, are that India will scrape through the first year of the fifth plan (1974-75 to 1978-79) despite the sharp rise in the cost of its principal imports. This proposition is based on certain assumptions which may not hold. For instance, exports may not reach the total of \$3,200m predicted.

Unit value realization of two important items, textiles and oil-cakes, has fallen sharply. Prospects for jute and iron remain poor, shortages of energy and steel and recessionary trends in the advanced economies are a

serious constraint on non-traditional exports. Another assumption is that the monsoon will prove adequate and that food imports can be held down to four million to five million tons. With government food stocks at low levels and official procurement from the northern spring wheat crop poor, this quantity of imports appears to be on the conservative side.

Similarly, the World Bank may have overstated the cost of crude oil imports by assuming an average price of \$10 a barrel. India is paying \$11 to \$12 a barrel after the participation agreements in the Gulf. On the positive side, if the present industrial stagnation continues the 10 per cent growth in value assumed for imports other than fertilizers, food and petroleum products may not materialize. But this can hardly be a source of consolation.

While the consortium commitments for 1974-75 have ostensibly given India's policy-makers a breathing space, the payments gap is structural and long-term while the relief provided is temporary. The carefully contrived arithmetic of the draft fifth plan has been shattered and India's planners have yet to produce alternative estimates based on the new realistic scene.

The World Bank has, however, attempted an aid and debt study for the fifth plan period which was presented to a working party meeting of the Aid-India Consortium in April. The original study estimated India's import requirements over the period of the plan at \$26,000m, or about

\$8,300m above the planning commission's own estimates as contained in the draft of the plan.

The difference is accounted for partly by the rise in crude oil prices. The draft plan, released a few weeks before the new Gulf prices were announced, had estimated an unrealistic price of \$3 a barrel in 1974-75, rising to \$4.75 in 1978-79.

The bank study used what proved to be a conservative \$9 a barrel and assumed a 3 per cent a year increase in price. On this basis it placed imports of oil at \$1,265m in 1974-75, rising to \$2,005m in 1978-79 (\$8,020m for the five years, or twice the amount assumed by the planners).

The bank also questioned the second main balance of payments assumption of the draft plan; that India will require no food imports. It allowed for five million tons of food imports to rebuild the stocks at present depleted and another five million tons of contingency imports in the event of a serious drought.

On exports, the study accepted the planning commission's target of a "6 per cent annual rate of growth in terms of volume. But, unlike the commission, it assumed a 2.4 per cent annual rate of increase in export prices, and estimated earnings over the fifth plan period at a total of \$26,000m.

It allowed for a rise in debt service obligations from \$625m in 1973-74 to \$780m in 1978-79 and a replenishment of foreign exchange reserves to a level equivalent to two and a half months' merchandise im-

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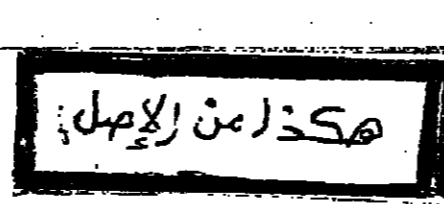
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# Export houses spreading far afield

Within a few years of their inception the export houses have established a record rate of progress: a recent study by the Federation of Indian Export Organizations indicated an average growth of 33 per cent in their export turnover mainly for non-traditional products during the fiscal year 1973-74.

The economic logic of export houses derives from their ability to line up a comprehensive range of allied products for export from a number of manufacturers at minimum cost. In India, where exports of most of the firms are small, this makes sense. Automobile products are an illustration.

In the overseas markets they will share a common distribution and after-sales service organization. The cost of marketing is spread over a number of products. This combined endeavour is not only economically attractive but also readily acceptable abroad.

Unlike those of other countries, the manufacturers in India are not licensed for a wide range of products. For instance, light vehicles are not produced by manufacturers of heavy vehicles and vice versa, and unless a comprehensive range is offered it is difficult to get leading and established trading organizations abroad to take an active interest. By combining the endeavours of several manufacturers, the international trading position is strengthened.

Economic logic dictates that a country must specialize in exports of those goods in which its abundant factors of production are used more and scarce factors are used less. Developing countries such as India must therefore identify and establish the manufacture of labour-intensive products, as far as possible using domestic raw materials, for which a demand exists in the world markets.

This will place the export of non-traditional products on a stable footing and at the same time offer worthwhile employment opportunities.

Most developing countries, particularly India, in their anxiety to become economically self-sufficient have concentrated on import substitution industries rather than on industries enjoying comparative advantages. In this connexion the Indian export houses are doing valuable work in identifying export-oriented industries for which a more economical manufacturing base can be established in the country. Some export houses have in fact started new industries entirely for exports as their own manufacturing divisions.

In India many manufacturing units in the engineering, chemical and other industries have made commendable progress. Their products are comparable with the best in the world. They are deeply quality-conscious and fully

# Engineering technology forges ahead

Dr. B. V. Bhoota, chairman, Engineering Export Promotion Council

During the past 25 years of planned development the Indian engineering industry has made tremendous progress. Its share in the organized sector works out to approximately 28 per cent of the number of factories, 35 per cent of the productive capital, 30 per cent of the employment, 34 per cent of the value of output, and 31 per cent of the value added by manufacture.

It has invested approximately Rs28,000m in factories, produces approximately Rs30,000m worth of goods, and provides work for approximately two million people.

Indians are now designing and building a variety of complex engineering plants at home and are winning recognition abroad. Indian technologists are preparing feasibility studies and project reports on many enterprises in different countries. Indian consultants are capable of providing a wide range of services from preliminary surveys to the commissioning of plants.

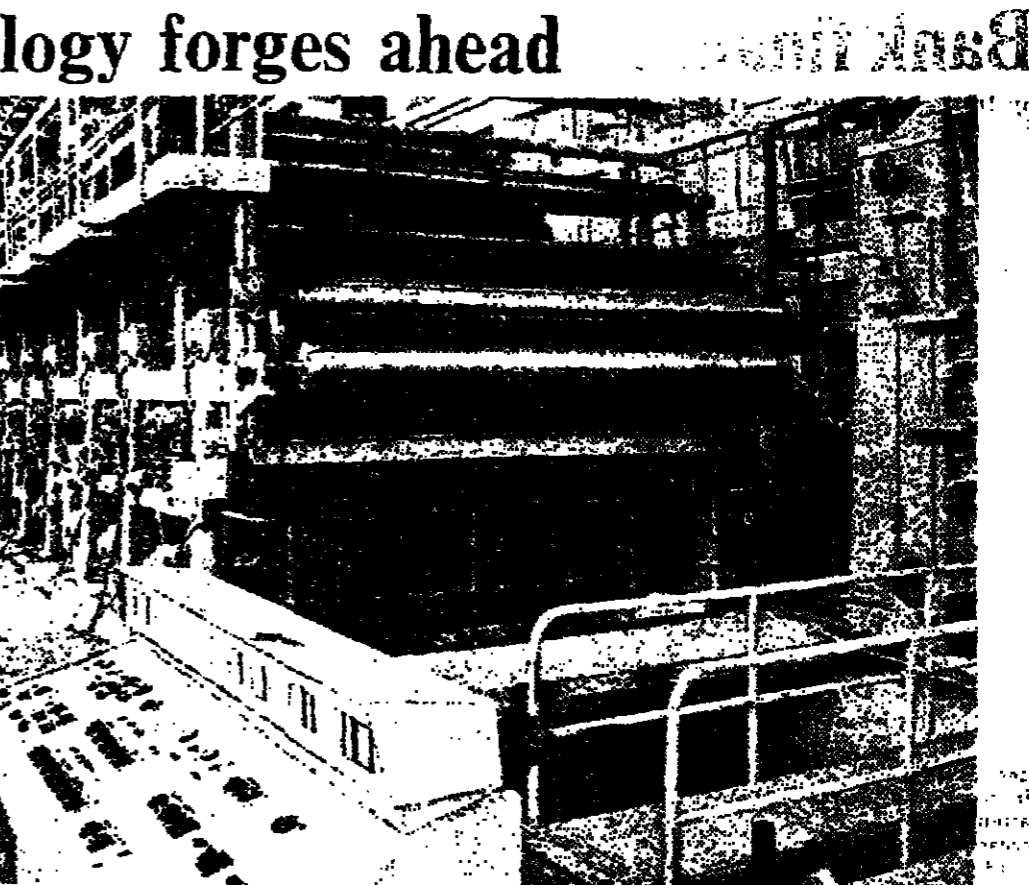
The progress made by the industry is reflected in the progressive increase in Indian exports to various world markets in diverse forms of engineering production. In terms of value, exports have increased from approximately Rs50m in 1956-57 to Rs1,780m in 1973-74. The engineering industry now ranks third in the exports list, but during the fifth five-year plan, ending in March 1979, it has been assigned the first place. Exports by 1978-79 are expected to be worth Rs4,500m.

At first exports were confined to simple manufactures and consumer durables. There has been a significant shift in the composition of engineering exports during the past 18 years. (See table in columns six and seven.)

Nearly a third of the total engineering exports now consists of plant and equipment turnkey projects, electrical equipment, heavy structural fabrication, transport equipment and capital goods. It is proposed to raise this proportion to 50 per cent by the end of the fifth five-year plan. Some idea of the progress made in this sector is given by the fact that during the past five years the cumulative exports in plant and machinery (textile, cement, sugar, food processing and other machinery) were about Rs10m. The projected value during the next five years in this sector is Rs2,270m.

Similarly, while the cumulative exports of railway coaches and wagons during the past five years have been about Rs182m, the projection for the next five years is Rs2,000m. For heavy electrical equipment the comparable figure is Rs196m, and this is proposed to be more than doubled during the next five years.

One immediate result has been a greater export consciousness. This would not only enable them to claim that they are not a drain on India's balance of payments but would also fit in with the new requirements under the 1973 Foreign Exchange Regulation Act. Under the Act, companies with foreign equity participation in excess of 40 per cent are required to reduce their share to 40 per cent in stages to be negotiated with the Government.



The engineering industry is facing the challenge of the developing paper famine. This machine to make speciality papers is manufactured by Utkal Machinery.

While more than 50 per cent of the exports are still going to the countries in South-East Asia and West Africa, exports to the developed countries have also substantially increased. The second table gives an idea of the direction of Indian engineering goods exports.

While a wide range of capabilities has been developed in various branches, the strategy adopted is that products and services offered abroad should essentially be limited to those sectors in which the technology of production is fully developed. Where this is not readily available the offer of engineering consultancy services is limited to detailed engineering. With this broad objective, the products and the engineering consultancy services being offered are concerned with dams, power transmission and distribution, roads and highways, water supply and sewerage, construction engineering and equipment, agricultural implements, irrigation, flood control and drainage equipment, mineral exploration, metal handling and dressing, retelling mills, grey iron and steel foundries, cement and cement products, sugar, cotton textiles, oil extraction and processing, machine tools, chemical plants, fertilizers, and light engineering industries including consumer durables such as bicycles, sewing machines, electric fans, switches and lights.

India is also able to offer consultancy services in all aspects of railway construction and operation, including all engineering disciplines—civil, mechanical, electrical, telecommunication and production shops.

Various projects have been undertaken abroad for setting up facilities for the manufacture of textiles, paper and hardware, adhesives, cement products, electric fans, domestic sewing machines, bicycles, cement, sugar, light and medium structural fabrication. Although India's share so far has been negligible compared with the growing volume of world trade, it is looking forward to having a substantial share of the marine handling and dressing countries. The short-term effort is selective so that the scarce resources available are used to build up an export base in a few areas rather than being diffused over a large area.

India seeks to ensure that the time required to bring new capacities into operation for manufacture of components is relatively short. In recent years it has acquired ability to participate in programmes of industrial development abroad, especially in the developing countries. We are now able to build up a variety of infrastructural facilities from the stage of planning and designing to installation and commissioning of plants. We wish to share this ability with the developing countries to our mutual advantage. It is this desire to share the fruits of its economic development with other countries that has led India to make a beginning in establishing joint ventures not only in India's export trade but also in the world market for engineering goods.

Growth of engineering exports		1956-57	1973-74
(a) Total exports (Rs million)		53.00	1,780.00
(b) Composition of exports (percentage of total)			
Industrial plant and machinery (textile, cement, sugar, chemical, food processing machinery)		14.00	33.00
Power generation and distribution equipment (including transmission line towers)		86.00	67.00
Fabricated structures (excluding transmission towers)			
Transport equipment			
Others (consumer goods)		100.00	100.00

Markets for engineering goods		1956-57	1973-74
(a) Total export (Rs million)		53.00	1,780.00
(b) Direction of export (percentage of total)			
Asia			
SE Asia	34.05	29.00	
West Asia	37.87	24.40	71.92
Africa			22.96
Europe			13.16
East Europe			0.86
West Europe	0.66	7.53	0.86
North and Central America			0.47
Australia			1.46
Others			2.33
		100.00	100.00

## Foreign investors take notice

Foreign investors are taking notice of the incentives offered in excess of 40 per cent in the case of incentives awarded in the economy which is an incentive which is consistent with India's own domestic political environment, which continues to look at foreign investment with a mixture of hostility and suspicion that is typical of former colonies.

Thus, from the Indian Government's point of view, the concessions to export-oriented ventures constitute a major relaxation of policies towards foreign investment. This "relaxation" is a product of historical circumstances. The sizable flow of foreign investment into India in the late 1950s and early 1960s during the more liberal regime of Pandit Nehru was a direct result of the attractions of a large protected domestic market and political stability.

But since Nehru's death, political uncertainties have increased and the domestic market expansion has slowed. During the populist era of the late 1960s foreign investment was exposed to an increasingly critical reassessment. One product of this reassessment was an increasing concern over the negative impact on India's balance of payments of private foreign capital.

With fresh investment flows small, flows going out on account of imports, dividend and profit remittances and royalty and technical fee payments outstripped flows coming in. The high

cost structure of Indian investments ruled out substantial export efforts. This argument ignores the benefits to the balance of payments from import substitution. A recent study by the United Nations Conference on Trade and Development of 53 foreign companies in India showed that 48 had a negative direct balance of payments impact. These companies exported only 3.2 per cent of their sales.

To reduce the strain on India's balance of payments, the Government is forcing

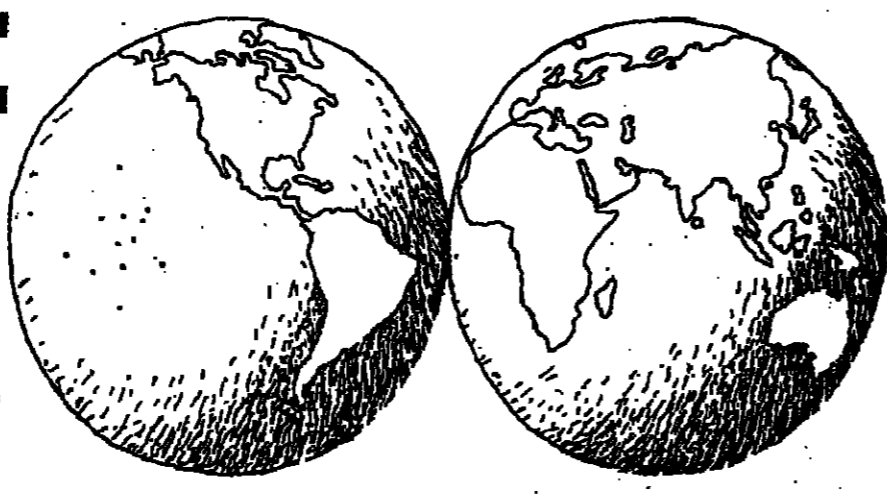
foreign investors to reduce their share of the equity to 40 per cent or below. This also imposed ceilings on certain types of remittances such as royalties and technical fees. And the elaborate Foreign Exchange Regulation Act of 1973 attempts to plug all exchange leakages through such devices as over-invoicing of imports and under-invoicing of exports. Foreign companies have begun to examine how they can survive in this new regime.

One immediate result has been a greater export consciousness. This would not only enable them to claim that they are not a drain on India's balance of payments but would also fit in with the new requirements under the 1973 Foreign Exchange Regulation Act. Under the Act, companies with foreign equity participation in excess of 40 per cent are required to reduce their share to 40 per cent in stages to be negotiated with the Government.

This can be done by in a few key industries re-orienting sale to Indian quiring substantial capital investments. New foreign investors equity through new capital issues in favour of Indian operations in mind have no such restrictions to fear. For them, India's main attraction will be its low cost labour. The special incentives the Government now provides will be useful in so far as they reduce the opportunity for expansion and much greater flexibility India and those economies in the choice of industries, which have an open door. Expansion for non-export and far less selective policy purposes would have to be towards foreign investors.

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ASP/STC-3/74

Economists set their targets with the aim of national self-reliance but the volatile international situation makes forecasting difficult

## Price upheaval means a flexible fifth plan where even the priorities can change

by V. K. Narasimhan  
 editor, Financial Express

India's planners, who have been engaged for more than 18 months in putting the final touches to the production targets and capital outlays for the fifth plan, have been grappling with grueling problems posed by internal inflation and the external payments crisis created by the soaring prices of West Asian oil.

Even before the ink was dry on the first draft of the fifth plan the Planning Commission discovered that most of its figures had to be revised in view of the sharp rise in prices since 1972-73, which was the basis for the original estimates.

Hardly before this revision could be completed, the further rise in prices in 1973-74 and the radically new situation created by the crippling rise in the cost of oil and fertilizer imports called for a fresh review of the cost of projects and the resources available.

Although the fifth plan period officially began on April 1 this year, the final shape of the plan is yet to be determined. In view of the continual economic changes internally and internationally, there can perhaps be no finality regarding any targets and financial outlays. Flexibility in planning has become a necessity.

What is more, even the order of priorities cannot remain rigid in a dynamic situation. For instance, till recently the planners placed more emphasis on the substitution than on export promotion as the essential prerequisite of economic self-reliance. The oil and fertilizer crisis has compelled the Indian Government and the Planning Commission to accord high priority to export promotion in the fifth plan.

Luckily, the Indian economy's performance in the fourth five-year-plan, which was so dismal in many other respects, has been most heartening regarding exports. The past two years of the fourth plan (1972-73 and 1973-74) witnessed a growth in Indian exports at the rate of 22 per cent and 23 per cent respectively, raising the annual average rate of the plan period as a whole to 15 per cent, as against the original target of 7 per cent.

lets are leather and leather goods, engineering products, marine food products, iron ore and handicrafts. India's traditional exports such as tea, jute, spices, cotton textiles and cashew will doubtless continue to be exported in large quantities, but their growth potential is marginal.

It is expected, for instance, that export of engineering goods, whose share in 1972-73 and 1973-74 was only 7.7 per cent and 7.5 per cent of India's exports, is likely to grow at an annual rate of 25.2 per cent in the next five years and will attain the first rank, accounting for 11.7 per cent of the total in 1978-79. The value of the engineering goods exported will increase from Rs.1,950m in 1973-74 to Rs.2,250m in 1978-79.

Cotton textiles will rank second with a share of 10.1 per cent, reflecting an increase of 2 per cent over 1972-73. Jute products which headed the list of export items in 1972-73 with a share of 12.7 per cent, are expected to grow at an annual rate of 6 per cent, but will occupy the third rank in 1978-79 with a share of 7.9 per cent.

### 10 per cent annual growth rate

India's exports of iron ore and leather and leather goods will rank next, each accounting for more than 7.5 per cent of the total exports. The table illustrates the items in which India's exports are expected to achieve substantial increases. These higher targets will have to be attained both by securing higher prices for each unit of the product concerned and stepping up the quantum of exports.

The targets envisage an annual rate of growth of more than 10 per cent for a number of items—gems and jewelry, 18.8 per cent; oilcakes, 13.1 per cent; fish and fish preparations, 15.7 per cent; cotton textiles handloom, 19.3 per cent; rayon textiles, 21.5 per cent; handicrafts, 7.5 per cent; chemicals and allied products, 13.7 per cent; basic chemicals and pharmaceuticals, 13.3 per cent; silk, rayon and synthetic textiles, 13.3 per cent.

The achievement of these targets will not be an automatic process. Considerable efforts of organization, streamlining of industrial production to create larger surpluses for exports, an intensive promotional effort in potential markets, offers of appropriate incentives to exporters, provision of facilities for achieving the export targets will all be needed.

In the case of some products, restraints on internal consumption will be necessary to increase the volume of goods available for export. While among non-traditional items, India has to place the greatest reliance on engineering goods, it is recognized that the international market for these goods is highly competitive, though it is also blossoming out—from elaborate multi-purpose lathes to sewing machines, from electrical and electronic equipment to transmission towers, from heavy electrical and other machinery to light engineering products such as electric fans and domestic appliances.

The Engineering Export Promotion Council, under the dynamic leadership of Mr. Raunag Singh, has been active in the exploration of new markets for Indian engineering goods.

Many organizations and agencies have been set up in the past few years to boost exports in general or to promote exports of specific commodities. There are as many as 17 export promotion councils concerned with exports of specific categories of products and the study of problems of export trade.

The Trade Development Authority has played a significant role in establishing links between Indian exporters and customers abroad and has been successful in securing new markets in

Western Europe and America for a wide range of non-traditional products such as ready-made garments, home furnishings, car ancillaries, electronics, processed food, bicycles and sports goods.

In the financing of export trade, apart from the role played by the commercial banks, valuable assistance is provided by the Export Credit Guarantee Corporation as well as the Industrial Development Bank of India. There are councils for cotton textiles, rayon textiles, rayon fabrics and allied products, handlooms, engineering products, leather and leather goods and others. In addition, there are a number of other bodies engaged in export promotion.

### An experienced labour force

Besides fiscal incentive to exporters, various measures have been taken to provide finance for industries and traders engaged in exports. A Department of Export Production has recently been created within the Ministry of Commerce to deal with specific problems of industries engaged in production for exports.

In general, India has the infrastructure for embarking on a large-scale export drive, especially in areas in which it has special advantages either because of the availability of raw materials or an experienced and skilled labour force. India is in a particularly strong position to step up its exports to countries in Africa, the Middle East, and South-East Asia.

Proposed export targets for the fifth plan period (figures in Rs m)

Item	Estimated exports in 1973-74	Draft plan targets
Tea	1,650	1,740
Fish and fish preparations	895	1,500
Oilcakes	1,560	730
Jute manufactures	2,228	2,400
Cotton textiles (mill-made)	2,378	2,250
Cotton textiles (handlooms)	600	-
Woolen textiles	500	-
Leather and leather manufactures	1,807	2,110
Chemicals and pharmaceuticals	1,018	1,030
Engineering goods	1,830	4,000
Iron ore	1,352	2,300
Gems and jewelry	1,050	1,500
Handicrafts	603	700

### Higher charges for exports

Many factors have contributed to this striking performance, including the higher prices for Indian exports because of global inflation, the larger demand for some Indian products like jute manufactures stemming from the rise in prices of competing synthetic products, and the success of a series of export promotion measures taken by the Indian Government in recent years.

Indian exports in 1973-74 touched the record figure of Rs24,100m in a year in which India's rate of industrial growth was below 1 per cent. The Planning Commission, in drawing up its export targets for the fifth five-year plan, does not want to be too ambitious.

In its first draft plan it had provided for exports going up to Rs28,900m by 1978-79, but this figure has already been rendered unrealistic by the soaring costs of imported crude oil. These are likely to rise so much in the next five years that India would have to increase its exports substantially to pay for its minimum requirements of oil and oil products alone.

In addition, there may be a heavy bill for imports of food grains, even if India succeeds in stepping up its output to 140 million tonnes by 1978-79, as envisaged by the planners. This year alone India expects to import two million to three million tonnes of food grains.

Not only that, but if India's proclaimed objective of self-reliance within the next five to 10 years—meaning by self-reliance the achievement of zero aid—is to be realized, it will have to finance its imports of oil, capital goods and raw materials entirely from its export earnings.

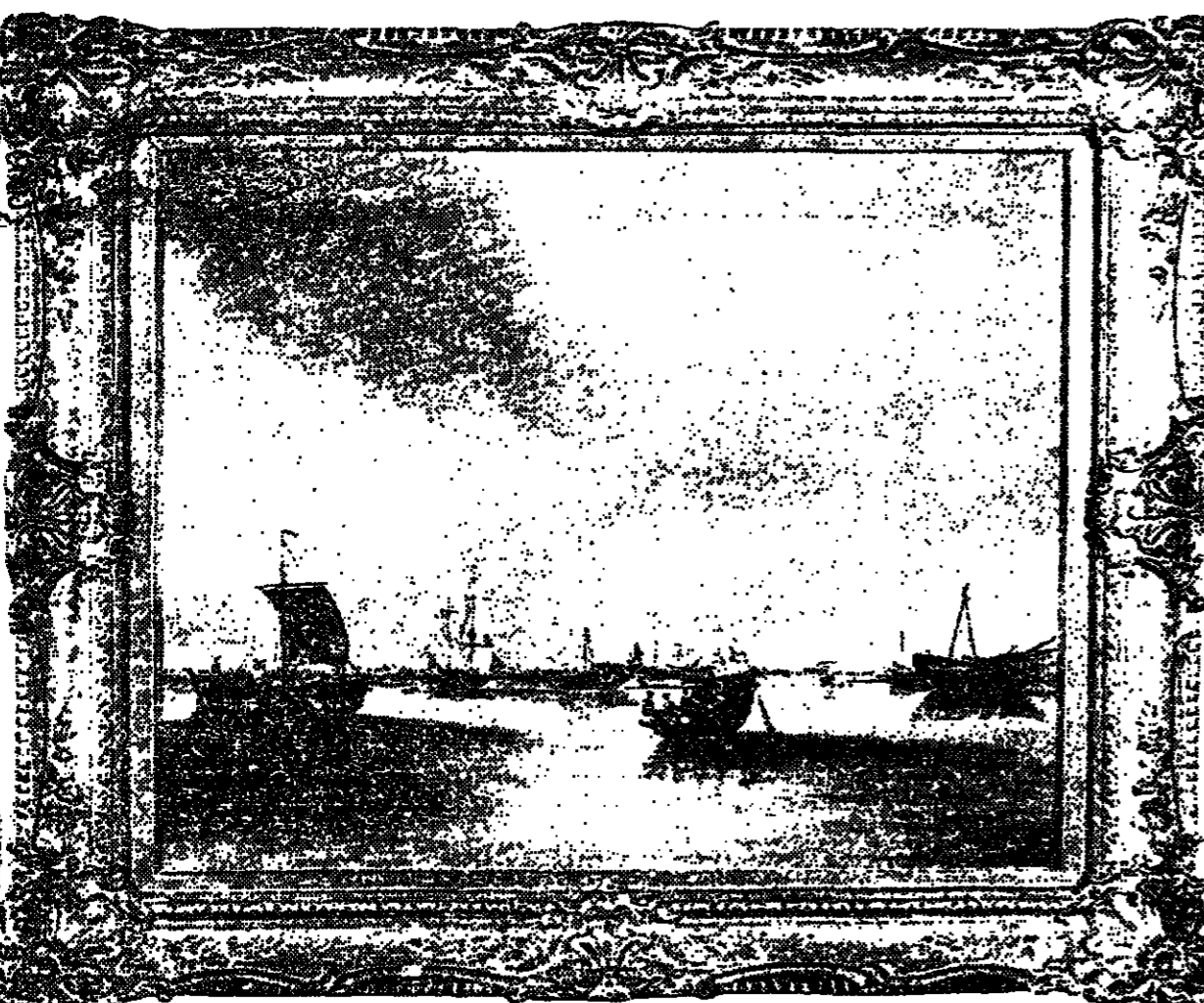
Interesting study by trade body

An interesting study by the Indian Institute of Foreign Trade, Delhi, has estimated that if India's import requirements in the next five years are realistically assessed, the country will have to plan to increase its exports to Rs44,700m by 1978-79 compared with Rs28,900m envisaged in the first draft of the fifth plan.

That this higher target calls for an annual growth rate of 12.8 per cent over the level of exports in 1973-74 may suggest that it would be difficult to achieve. Obviously export targets of this order cannot be realised unless the rate of industrial production is stepped up considerably and adequate export surpluses are generated in the sectors in which India can hope for a large export potential.

Judging by the performance of various export products in the past two years, the products for which India can expect larger export out-

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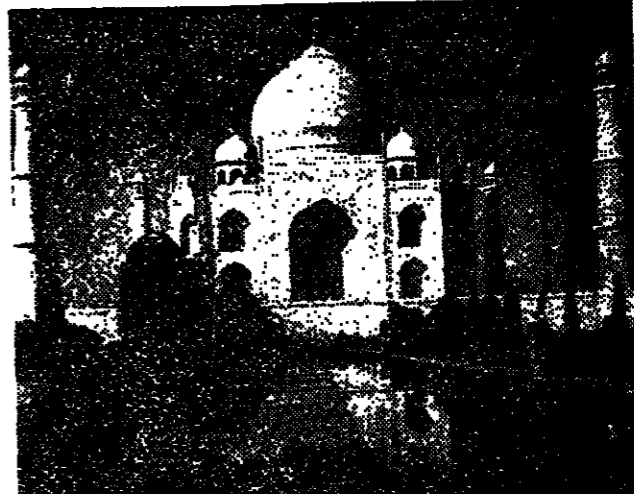
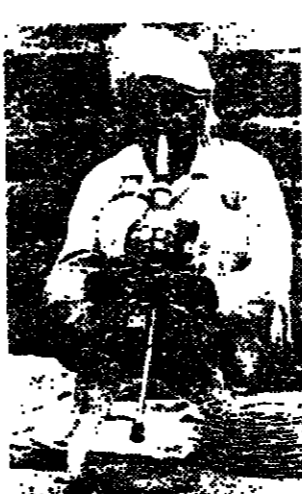
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Handwritten text in Urdu script: "کے لئے مناسب الاصل"





The faces of India that the tourist goes to see. Far left: panorama of buildings ancient and modern in Calcutta; a water carrier, above, and a snake-charmer, left, both in Bombay; right: the Taj Mahal at Agra.

**India's undeveloped potential reflects both government policy and geographical constraints**

London

India attracted a record 61,000 tourists in 1972, an increase of 10 per cent on 1971. This smaller total than 880,000. This comment both on the high the sub-continent touched by communist operations. Comparative underdevelopment

reflects both government policy and the constraints of the Indian setting. The Government does not wish to see parts of India become like the Costa Brava, overwhelmed and disfigured by commercialization. Through the India Tourism Development Corporation, it is aiming to construct more five-star hotels in the main cities and some cottage-type accommodation on the coastline and in the hill-states. It is not intending to provide expensive facilities for package tour operations, which are handicapped in any case by the long flight from Europe or the United States.

In the Fourth Plan period, from April, 1969 to May, 1974, the ITDC is estimated to have spent about £20m on about 400 rooms in five-star hotels. Occupancy rates, particularly in the main centres of Delhi, Calcutta and Bombay, have been high.

The holiday cottage developments are principally on the south-west and south-east coasts. Goa, the former Portuguese colony, has a distinctive atmosphere, with a large number of Christian churches, and has been a favourite with those who have visited it. Kovalam Beach, at India's southernmost tip, will have a 200-room hotel shortly, while Mahabalipuram, a temple town near Madras, is also to be promoted.

The foothills of the Himalayas, which are cool in summer and served as a retreat for many officials and their families during the British period, are another priority area. The old hill-stations on the eastern side of the Himalayas, notably Darjeeling, have been closed to tourists for some years because of the danger of hostilities with China, but this restriction has recently been removed. Although the Vale of Kashmir and the town of Simla have been neglected, there are signs that this is changing.

These government efforts have been handicapped by the absence of an adequate infrastructure. A common complaint of travel agents is that Europeans, who account for over 40 per cent of the tourist traffic, expect to see all of India in a fortnight in the same way that they may try to see Italy or France in a week. But this is not possible because of the size of the country, with the distance from Delhi to Madras, for example, being greater than that from London to Rome.

But even short distances are in many cases not well served by transport. The railways are not really suitable for tourist traffic, and the road system is not high on the Government's agenda because of the increased price of oil. It takes 12 hours to travel by road from Bombay to Goa, and five or six hours to make the 100-mile journey from Delhi to Agra and the Taj Mahal.

Despite these difficulties tourism has grown steadily in the past 10 years. In 1960 the number of tourists was 123,000, less than a third of the 1973 total. Britain, which sent 27,000 tourists in 1967 and 59,000 in 1973, remains one of the most important markets for the Indian tourist industry, and has also been one of the fastest growing.

This growing business is particularly significant because it produces foreign exchange, much of it in currencies which are freely convertible. In 1973 foreign-exchange earnings from travellers amounted to nearly £40m, compared with less than £30m in 1972. Although this is much less than the £120m earned by the jute industry or the £100m earned from cotton textiles, it has a smaller import component. While textile machinery often has to be bought from abroad investment in hotels and infrastructure is spent entirely within India.

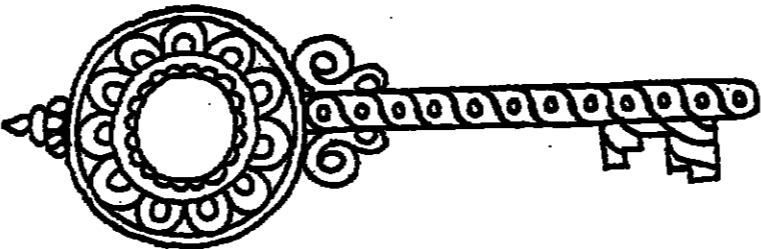
Prospects for further expansion are clearly good. Although India is not a cheap country—imported wines and spirits, for example, are expensive because of high duty—the hotels in the major cities, especially Bombay and New Delhi, are more than comfortable and reasonably priced. Whatever the drawbacks of surface transport, the air service between the principal towns is good.

India's problem is that its tourist trade tends to be of two sorts, high budget and low budget. The high budget tourist will not be discouraged by the air fare from Western countries or by hotel bills of more than £30 a day. But there is clearly only a small number of tourists potentially in this category.

The encouragement of low-budget tourists, on the other hand, has little to recommend it because, once in India, they do not spend much and consequently they do not contribute significantly to easing the shortage of foreign exchange. Nevertheless, a number of new youth hostels have been constructed recently, mainly in the northern half of India.

These efforts, combined with the immense tourist potential in India's heritage of ancient monuments and customs, should continue to make the sub-continent a major growth area for the tourist industry.

Help with the pictorial preparation of this Special Report was given by H. Cartier-Bresson, Mark Edwards, Margaret Murray.



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# MAKING BOTH ENDS MEET...

For many centuries, from the time of Alexander, India was a major shopping centre for most of the then known world. Spices, silks and the finest muslins, perfumes and fragrances and even high quality steel for the sharpest blades of Damascus came from India by camel and mule over the Khyber Pass and the legendary 'Silk Route'.

After a long lull, Indian industry has once again plunged into the hurricane of world trade with exports to all five continents. In this the Tata Companies have played a major role in promoting the sales of sophisticated Indian engineering and manufactured goods to growing numbers of foreign buyers. Thus has Tata steel gone to America, Tata trucks to Europe, Tata textiles and radios to Africa, tubes and press tools to Australia, and rails and railway equipment to Asian countries like Burma. Through its International Operations Division, VOLTAS has exported air

conditioning and refrigeration equipment, diamond core drills and drilling equipment and forklift trucks. It is preparing to offer castings and components for the machine tool industry.

The cutting edge of the Tata thrust abroad is Tata Exports Limited which has shown the fastest export growth rate for non-traditional sales to world markets. These include turnkey projects for engineering, supply and installation of transmission line towers, construction and materials handling equipment, fabricated steel, made-up textiles, chemicals and food products.

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دکتر محمد الامین

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WIMBLEDON  
GREENWICH  
ASH FARMS  
FRANCE, ITALY  
WEST OF EUROPE  
BENDORM. 162 beds  
NICE, FRANCE



# Causes of coolness between Dublin and London

In more cordial times, when the Northern Ireland Executive still flourished and the Council of Ireland still seemed a substantial if remote possibility, British ministers began to float the idea of a joint security conference involving the police and military authorities of both parts of Ireland. General Sir Frank King, the British Army GOC, it was said, would be able to sit down for the first time with his opposite numbers in the Garda and the Irish Army. Even after the executive fell Mr Stanley Orme, the Stormont Minister of State, was suggesting that such a meeting was on the cards.

In Dublin just now, however, the suggestion tends to evoke little more than an uncomfortable laugh around Leinster House. Civil servants tell you all a British idea anyway and that "just at the moment" such things are far from the minds of Irish ministers. Then they point out, ever so gently, that the Dublin Government really are not very happy with current British policy in the north, with the lack of information about it—and most important of all—with the behaviour of the British Army. The unpalatable truth is that relations between the two countries are at times something less than lukewarm and they are getting steadily cooler.

On several occasions, during the past few weeks, with no overt diplomatic fuss by either side, Mr Donal O'Sullivan, the Irish Ambassador in London, has informed the British Foreign Office of his Government's concern at the Army's activities in the north. However much truth there may be in the suspicion, the Irish believe that Mr Merlyn Rees, the Secretary of State, is being pressured by General King to continue internment without trial and the British troops have subsequently been given free rein in their search-and-arrest operations. Reports reaching the Irish Government have suggested to them that the British Army is once again alienating the Roman Catholic community by rough treatment and by interrogation methods which go some way beyond the question and answer technique.

courts for Ireland, the only flesh still left over from the skeleton of the now defunct Sunningdale Agreement. Dr Garret FitzGerald, the Irish Foreign Minister, insists that the relevant legislation will be introduced in the next session of the Dail and the British hope to push the necessary laws through the House of Commons in the autumn. But even the chances of setting up the new court system, which would mean that an IRA man charged with murdering a British soldier could be arrested, tried and judged in the Republic, are thrown into some doubt by the continued distrust which the Irish feel over British intentions.

This has not been helped by a number of border incidents in recent weeks. A report has been sent to the Irish Government by the Garda, for example, on a small riot last month when British troops fired rubber bullets into Co Leitrim while trying to block an unapproved route over the frontier. There have been other similar incidents while soldiers were trying to seal off roads which they believe were used by the IRA.

## Unhappiness in Dublin towards British efforts

During a recent gun battle in Armagh, an Irish police car on the Republic side of the border had its windshield shattered by bullets. Regretting the shooting the British military authorities said they were not certain if IRA or British bullets had hit the Garda car, but the Irish police report says they were almost certainly British.

Relations between the Irish police and the British Army have never been over-friendly since a much earlier incident in Co Louth when British soldiers who had mistakenly chased some IRA men right into the Irish Republic, rounded on the two Irish policemen who turned up and according to both the Garda and the customs authorities—threatened to kill the police unless they walked away with their hands in the air.

This is just the background to the current unhappiness in Dublin towards British efforts in the north. Ministers here are asking more fundamental questions. Is Mr Rees really capable of understanding not only pressure from the army but from the "loyalists" too? His impotence when faced with the Protestant strike in May has now been compounded in the eyes of some Irish Cabinet members here by his apparent inability to deal with the frightening growth of the new and unofficial loyalist Home Guard in Ulster.

The Government's White Paper has been found to contain no firm guidelines for the future aside from vague assertions about the special relationships between north and south. This relationship itself is now being questioned quite seriously in Dublin and proposed conferences about security are not the least of the things in the melting pot.

Robert Fisk

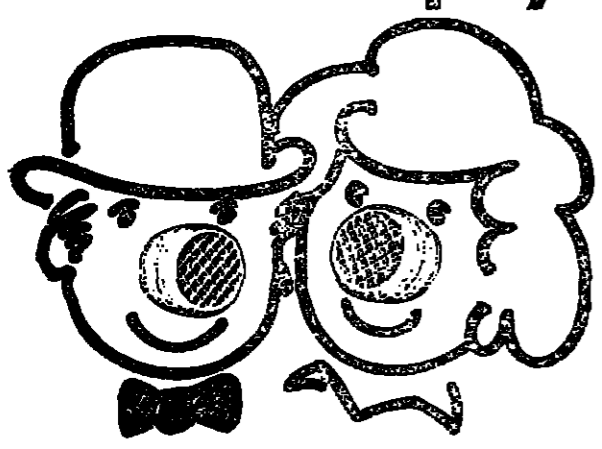
## Calls from the public complaining about the shooting

Things came to a head last week when Mr Patrick McElhone, a Catholic, was shot dead in Co Tyrone after being taken from his home by the Army.

A soldier has since been charged with Mr McElhone's murder and so the incident itself is justiciable. In Dublin, however, one government department alone received over 100 calls from the Irish public complaining about the shooting which eventually prompted the authorities to send Mr O'Sullivan round to the Foreign Office once again, to draw British attention to Irish ministerial concern. Against some officials' better judgment, the coalition government chose not to make any public statement.

The authorities here are still pressing on with their plans for a system of extra-territorial


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# How Britain could pay now to buy later

Concluding an assessment of Britain's economic future

**'If we now begin to make a planned cut, we can escape with small irritations rather than a major disaster. If we accept bigger initial cutbacks to boost investment there will be more growth potential later'**

As my first article on Tuesday showed, the arithmetic of Britain's terms of trade requires that we shift about 10 per cent of our consumption into exports, or reduced imports, or some combination of the two. The only alternative is to go on borrowing until our creditors lose confidence, call in their loans suddenly, and compel a much harsher adjustment.

Yet if we now begin to make a planned cut, we can escape small irritations rather than major disaster. Such a switch of employed resources, away from boosting our living standards and towards meeting our debts, is not a slump and does not require deflation. It can be phased, perhaps over three years. If we accept initial cutbacks to boost investment, there will be more growth potential later and subsequent cutbacks can be smaller.

Nor must a fall in living standards mean consuming less of what we really need; it can mean deferring replacements of cars or household goods, driving more slowly and consuming less petrol, working more, or doing without pseudo investments (really conspicuous public or company consumption) whose yields are too small or remote to meet present need—Chunnels, Concorde, marinas.

Not only is a fair, gradual, planned and temporary 10 per cent cut in living standards a benefit exports or replace imports manageable. It would be well under way had not Mr Barber doubled the money supply during his term of office. It increased from September 1971 to December 1973 alone, at 24.6 per cent yearly, while output grew at about 4.2 per cent.

This discrepancy might have been mopped up by domestic price increases at 20 per cent yearly, but controls held them back, while foreign loans kept the pound "strong" and imports artificially cheap and attractive. Hence much of the spare money went, and still goes, into imports despite their price increases at 20 per cent yearly. It is neither all powerful nor more than a small part of the modern economic armory; but handled by a Barber (surely he should change his name to Printer?) it can certainly produce an enormous crisis.

Wisely if too abruptly, Mr Henry has halted the money press, but plenty of his predecessor's money is still about. In July it helped to produce our second worst ever monthly payments "deficit". Combined with the refusal of all parties to state the facts, it fuels false expectations of, and effective claims for, big rises in money incomes. These in turn buy imports or potential exports. To cover these with loans at 12 per cent up, guaranteed against devaluation, is intolerably costly—covering this year's deficit will increase the yearly outflow of interest from £450m to £900m, making recovery even harder. And what happens when somebody calls these short loans in?

In a short article I cannot give detailed strategies, but the general principles are clear. First, the 10 per cent of output, to go into balance of payments improvement, must not come at the expense of genuinely productive investment; a clear government commitment to a target level of investment, backed by grants to the public sector and improved allowances for private investment, may well be needed, to create confidence in the government's intention to live within its means. Second, careful and detailed micro-economic policies are required to ensure that (within the limits of our international obligations) the success of the operation—which has to involve allowing import price rises to reach the shops while incomes are held back—is a general sense of fairness sufficient to restrain, not just organizations

such as the National Union of Mineworkers and the British Medical Association, but also the thoughtful militants within the public, implications of each principle in turn.

1. No cuts in genuinely productive investment. Selective investment allowances appear compatible with the Treaty of Rome; so, surely, is a sensible redefinition of "investment". Retraining for specific scarce skills yields output quickly, and should be counted as investment; building production into newly built offices, railway stations or even, sometimes, factories is often pseudo investment that does nothing for growth. Some guaranteed "floor" for genuine investment is needed to retain confidence; merely stating that the intention is to shift resources from consumption to exports and not to depress total output, may not in the present climate suffice to keep up the willingness of private and nationalized industry to invest.

2. Consumption cuts geared to balance of payments gain: Lack of detailed micro-economic policy—as opposed to wishful macro-economic "fine tuning"—is the bane of British economic management, but the incredibly wasteful tradition of curbing balance of payments deficits by deflating total GNP, creating unemployment, and hoping that much less income will mean a little less imports. The alternative is to ask where reduced consumption can free capacity for exports, and can directly save imports. The second question is easier. Oil imports are an obvious target. Why is British petrol much cheaper than almost anywhere else in Europe, though our payments problem is much worse? Scandalously, we have ended the 50mph speed limit. We do almost nothing to save petrol by staggering working hours to reduce congestion, by making local authority improvement grants available for house insulation, or by almost any other means. In other areas of rapid import expansion, both consumption cuts and production rises could be induced by appropriate policies: subsidizing farm investment rather than bread-eating (cereal imports trebled in value between the first quarters of 1972 and 1974, to a rate of £576m yearly); more emphasis on domestic substitutes for wood and cork (in the same period such imports also trebled, to £557m); and so forth.

3. Export promotion to non-deficit areas: Where to cut consumption to make room for exports is a harder question to answer. Businessmen and politicians agree that British exports offer splendid value; customers seem to differ. Perhaps it is because, with particular goods aimed at a particular market, booming British demand ensures they

are not available for export at the right time and price. The cure has to be micro-policy, not general deflation of British demand for all products. We need to know, not just what we are consuming that we need to export, but to whom; might a world trade war be avoided, it is essential that we solve our balance of payments problems socially, by selling to those who can safely buy. Our trade deficit with the main rich surplus countries—the United States, West Germany and the Netherlands—in April, 1974 was running at a yearly rate of £2,086m; with our major oil suppliers (mostly Kuwait, Bahrain, Qatar, the Emirates, Nigeria, Libya and Saudi Arabia) at £3,253m; and with the Soviet Union and Eastern Europe, at £334m. On these countries our export promotion, our import reduction, and our consumption-cutting for both purposes should be concentrated. The more of all three that can be done by international agreement, the better; but it is a world interest to agree. Otherwise the collapsing institution that starts off in the slumps—Kremlin state of the 1970s—may be not a bank but the British economy, unable to meet its debts.

4. A phased plan for recovery. Talk of a 10 per cent cut in living standards seems doomsday laden (though the alternative is far worse), partly because people confuse it with slump and unemployment, and partly because it seems so irrevocable. Actually it can be made brief—within four years and growth—less if we invest more in the early years. As soon as the necessary cuts and controls are announced, the Government should state—and date—its plans to restore them, and announce the subsequent publication of the budget proposals (the balance between public and private sectors here is a matter of political choice).

5. A fair division of the burdens. It looks as if the strong and greedy—some poor, many rich—will obtain real income increases this year. That others must cut their consumption by more yet the present Government has gone far to offer the trade unions real income redistribution, and in return has achieved at least verbal, adherence to policies of income restraint by some of the union leaders. However, it had to see how the public could be asked to accept such harsher policies than were adopted in time—can be implemented without a complete incomes policy.

I can think of two chief ways of making that acceptable which means convincing, rather, not just leaders of unions, yet without destroying business confidence. One gimmick, but an honest one, is that 500 or 1,000 paid people near the top of the structure (ministers, company directors, permit secretaries, maybe archbishops and vice-chancellors) accept a cut of 10 per cent in their net post-tax income over three years. The more basic: that the Government offer a phased, but real, increase in real income, substantially above likely real growth rate, in 1976, to groups of people generally agreed to be poor, or too ill-rewarded by the national income. Such people could include the mentally ill, disabled, and working widows, large families, among the poor, or perhaps the postmen and postwomen the "ill-rewarded".

The present Government right in believing that a contract is needed to incomes policy work; by believing that a social pact can replace an incomes policy, especially under conditions in which Britain is the next three years.

As a mere economist I do not believe that the people are too bloody-minded to undertake a shared programme, if only they told the truth in time. They are not—and have to be—standards by 25 per cent needless and random instead of by 10 per cent brief, and a real adjustment—the British will, however, become bloody-minded indeed.

Michael I.

The author is Prof. Fellow at the Institute of Development Studies, Sussex

# Congress may be content to retain separation of powers

The great American crises have invariably led to beneficial reform. The Civil War produced the Thirteenth, Fourteenth and Fifteenth Amendments. After the depression, the Federal Government accepted responsibility for the general welfare and introduced banking and stock market controls some of which Britain could well import. Now Americans are considering what can be done to prevent another Watergate.

The regulation of campaign financing, has been given first priority, although critics have warned that an attempt to prevent future abuses like Watergate could have unpredictable and unsettling consequences for the political parties. Professor Ralph Winter at the Yale Law School said that an earlier attempt, the 1971 Federal Election Campaign Act, was in part unconstitutional. Limits on campaign contributions could also violate the First Amendment guarantee of freedom of speech.

Nevertheless, more would have to be done even if the Campaign to Re-elect the President had been a combined church. In recent years 90 per cent of campaign contributions have come from 1 per cent of the electorate—the corporations, unions, and "fat cats" who represent special interests. All wanted to influence government policy, and in most cases they succeeded.

The reason is obvious enough. Because of the high cost of television commercials, the primary election system, and the length of American campaigns, the total bill for a presidential campaign can be anything between \$50 million and \$100 million. Nobody knows how much it costs because the direction of a campaign can be divided between many committees to make accurate accounting impossible.

Another proposed reform, to separate the Justice Department from the Administration and make the Attorney-General independent, did not get off the ground. It would almost certainly require constitutional amendment, and in any case respected lawyers agree that a mixture of politics, in the highest sense, and law is inevitable and desirable in the Attorney-General's office. A second proposal to make permanent the office of the Federal prosecutor has the support of Senator Sam Ervin, and just might be accepted.

These reforms are unlikely to affect President Gerald Ford, even if he seeks election in 1976. What concerns some Americans is his declared intention of improving relations between the White House and Congress. After Watergate, the consensus is that the White House must be stripped of some of the power it has accumulated over the years to ensure that the constitutional checks and balances work. The dangers were apparent long before Watergate, but Presidents persuaded themselves that they were im-



pervious to the corruption of power. Whatever the risk, they argued, it was worth taking to enable them to govern.

Indeed, to avoid this paralysis was the main reason why modern Presidents successively assumed more and more authority. The dangers were apparent long before Watergate, but Presidents persuaded themselves that they were im-

involved than constitutional limits. The President is the leader of his party, but there is no party discipline. He cannot assume the loyalty of his own congressmen. In Mr Ford's case, of course, the leadership in both Houses, the Democrats, the opposing party.

All congressmen have their own concerns and priorities, which are not necessarily those of the President. The committee chairmen also have the power to delay and oppose legislation. Generally speaking, Congress can only be made to act against its own divided will and inertia by the pressure of consensus led or organized by the President. Apart from his war powers, this explains the immense authority which Mr Nixon abused.

Something must be done to redress the balance, but it will not be sufficient for President Ford to meet with congressional leaders regularly, to keep them informed and sweet. Sooner or later there will be a clash of interests, and compromise could once again delay or gut a programme. Even though he has spent a quarter of a century in Congress, where he has many friends, Mr Ford will almost certainly be forced to seek the extra powers his predecessors found necessary.

The only alternative, as some see it, is major institutional reform. At present, the President nominates the members of his

# The Times Diary

## On the hunt for luscious lovelies

Whatever the bad news, there are always people hard at work trying to put a brighter and more glamorous face on things. To see who goes into it, my reporter went to watch the auditions for the Ziegfeld Follies, which are to be revived in London later this year. Sadly the scene at the Adelphi Theatre was suggestive of anything but the glamour that makes the Follies is supposed to evoke.

A group of women in their twenties and thirties were lined up on ugly chairs in the grimy wings, waiting for their names to be called. Some were too anxious to do anything but clutch their knees and look miserable. A few of them chatted together, comparing notes on unpleasant auditions.

That morning director David Toguri and angels Ian Trotter and Frank Kelly were looking for "New Ziegfeld girls" whose function it is to parade around in elaborate and expensive clothes for the show. The advertisement called for tall and intelligent girls. All were asked their height, but there was no further mention of intelligence.

Toguri shouted directions: "That's right Angie, just go to the black cloth at the back, walk down and give us a million dollar smile. That's beautiful sweetie. Tell me, how tall are you? Do you belong to Equity?"

Angie, in high red boots and a brief bikini, blinked over the footlights towards his disembodied voice in the darkened auditorium and said she had worked for Bluebell in Barcelona. "That's marvellous darling," chirruped Toguri.

The hopefuls nobody likely were rushed through a few dance steps, the million dollar smile routine and then hustled

had fallen downstairs and bruised a leg. She was advised to come back a week later. "Take an escalator," yelled McKay.

**Politics afloat**

Far from having heard quite enough about their political system for a long time, Americans are willing to pay to hear yet more. An American shipping line offering a one week "Inside Washington" cruise to Nassau and Bermuda this winter already has 400 customers.

Many are retired businessmen and women, and they are paying up to \$626 to hear political notables such as Senator Hubert Humphrey, Pierre Salinger and William Safire, a former speechwriter for Nixon, air their opinions on America's political and economic problems.

Watergate sparked off the idea for the cruise, and Nixon's resignation caused a sudden rush of bookings. The publicity around that event attracted a photographer to the cruise itself, said a spokesman cheerfully.

Those on board who have political ambitions of their own can pay an extra \$75 to attend seminars on "Running for the Presidency", "Living in the White House" and "Taxes". For those who want to get away from it all, on the other hand, the same company offers a world cruise during which passengers can go ashore in China to watch acupuncture.

Marshal Sir Gerald Templer moved the microphone nearer his wife's mouth, to no avail. The mike was not working.

One of the main reasons for the expedition—which will be manned by 140 soldiers and scientists from many parts of the world—is to find a cure for river blindness which affects 20 million Africans.

A nurse, 25-year-old Pam Baker, will go on the three boats with 40 of the men, and yesterday that she was looking forward to getting back to the wilds, though she was not enthusiastic about having to pay 250 for the privilege. "I'm looking for a sponsor," she said. "If I could find one I'd have his name tattooed across my chest."

**Our hamburger survey, which will continue tomorrow, under-predicted the British Wimpy. The standard model costs 18p, not 19p, and whatever Norman Wolpas thought of the taste, Wimpy Intermix guarantees that it is a pure beef product with no cereal filling.**

## Launch

Yesterday, looking not a little uneasy, Lady Templer stood upon a pontoon moored to HMS Belfast and launched one of the three inflatable craft that will slide, bob and bubble down the Zaire River and its unnavigated rapids in September. It was an unorthodox launching.

For one thing, Lady Templer was not able to break the bottle over the bows of the craft because it did not have bows. Instead she poured the champagne over the boat. Another difficulty was that nobody could hear what Lady Templer was saying, not even the Royal Marine buglers who were standing two smart steps from her and who marked the launching with tasteful blasts from E-flat trumpets. Field

**AGG**

**DRUNKS**

The figures among... 2015... 4750... 37 years... many... with... sible...

Some people will say it is a preliminary to jumping the windows, but the Army's... London... significant... potential officers to the... situation on the Stock Exchange... may be leading young... to us for a... life", said a spokesman.

PH



# TURKISH AGGRESSION

question we asked in our article yesterday, "What rky up to?" was all too and brutally answered. It any rate the last forty- hours the Turks were y using the Geneva Con- as little more than a screen for their military rations. By Tuesday morn- latest they must have oned hope of achieving aims in Cyprus by negoti- determined on a further y thrust.

Thrust has been presented apply an extension of the al invasion launched on 10, when the world at large Turkey was acting her rights as a guarantor prior independence under 1960. But the Turks I not be surprised to find the attitude of the world at their new action is very ent. On July 20 Cyprus was the effective control of fier Ioannides in Athens, nder the nominal authority e Enosis gangster Nicos on. The Western powers red ready to accept this ion with nothing more than protests—scarcely even in the case of the United Liberals everywhere (ing some Greek and Greek of Liberals) greeted the sh invasion almost with because it meant that the Colonels would not after away with it.

ce than almost everything raged. The Greek military e has been replaced by Mr anilias's government, and ampson by Mr Clerides. changes were welcomed at me by the Turkish govern- a conference was assem- at Geneva embracing first arator powers, then the s of both Cypriot communi- well. Mr Clerides was t and trusted by Mr ash, and there seemed a chance that after much hard ning they would succeed rking out a constitutional ent acceptable to both.

Such a settlement would y have given the Turkish s much greater autonomy erty than the Constitu- f 1960, and this would be seen both in Turkey and d as a legitimate achieve- of the Turkish invasion.

self-evidently such a settle- needed time. Turkish fears Greek procrastination would again cheat the Turkish ots of their rights were ps understandable, but 7 exaggerated. The Turks

surely failed to appreciate the genuine delicacy of their opponents' political task, which was to make concessions after a defeat seem acceptable to wounded national pride. No doubt the Turkish government was also under strong pressure from its own public opinion to produce quick results.

Whatever their motivation, the Turks have thrown away one of the best chances of achieving a genuine reconciliation between Greeks and Turks that there has been for decades. (Mr Callaghan yesterday made that point with understandable disappointment after his own constructive efforts had been so ill-rewarded.) In the process the Turks have also done serious damage to the Atlantic Alliance, and they have made themselves, in the eyes of the world, the deliberate violators of the independence and territorial integrity of a neighbouring sovereign state.

The most immediate political result was the Greek decision to withdraw from the military organization of Nato, while remaining within the political alliance. This decision was clearly modelled on the move made by General de Gaulle in 1966. If matters go no further the Alliance can live with it, since though it may affect Nato's tactical coherence it does not affect the area or the total strength of the forces which it controls.

But will matters go no further? The Greek government must certainly be very reluctant to embark on an all-out war with Turkey which it would be virtually certain to lose. But if the alternative is to accept passively a Turkish fait accompli on Cyprus, war may be Mr Karamallios's only hope of political survival; and he may calculate as the Arabs did in their conflict with Israel, that only by escalating the conflict can he oblige the great powers to intervene and redress the local imbalance of power.

It would obviously be much preferable if the great powers could obviate the need for unilateral action by Greece, by taking effective action against Turkey themselves. (Just as it would have been much preferable a month ago if the great powers had obviated the need for a Turkish invasion of Cyprus by taking effective action against Greece.) By "the great powers" in this context one means essentially the United States, which is the main arms-supplier and economic patron of both Greece

and Turkey. By "effective action" one does not mean American military intervention, which would probably do more harm than good internationally even if it were acceptable domestically. If Turkey were to become so dangerously contemptuous of international order as to make military action against it the only recourse, then probably such action would have to be taken in the name of the United Nations. But happily that stage has not been reached.

The sanctions which the United States and the rest of the international community should apply at this stage are of various kinds. First, Turkey should be told that if she does not immediately accept the ceasefire proposed by the UN Security Council she will be regarded as the aggressor and will be denied any supplies of arms or spare parts so long as her troops remain in Cyprus.

That in itself may not be a very effective deterrent, since the Turks probably calculate that they can reach their military objectives in Cyprus before any need for military re-supply arises. But the same might not be true in an all-out war with Greece; and the Turks may not find it so easy to stop at the "Atilia line" as they suppose, since that would leave large numbers of Turkish Cypriots in the south of the island exposed to the inevitable wrath of their Greek compatriots.

Secondly, it must be made quite clear to the Turks that there is no question of their obtaining international recognition for any kind of *de facto* partition of Cyprus, still less for the annexation of it. It must be pointed out to them that whatever their military position when the fighting stops, they will still have to negotiate a settlement with the Greeks and the Greek Cypriots, and they must be told that international support for the rights of the Greek Cypriots (including the right to the independence and unity of their country) will not be changed by any Turkish military victory.

In the last resort the threat that faces Turkey is that of becoming an international outcast. It is not a threat which Nato can make unilaterally, since it would be disastrous to force Turkey into the arms of the Soviet Union. But the Soviet Union, too, supports the independence and integrity of Cyprus, and on this issue the international community could well be united.

# Decision-making in the EEC

From Lord Greenhill of Harrow  
Sir, As one would expect, Mr Ronald Grierson's article on the European Community (August 13) is realistic and sensible. I agree with him that a "Europe des Patries" is probably the only feasible concept at this stage. But what can best hasten the process by which, as Mr Grierson says, "governments will gradually... persuade themselves and each other of the merits of collaborative solutions to common problems and of the sacrifices needed to achieve these"? The answer is that the leaders of the Nine should meet monthly confidentially in British cabinet style supported by a necessarily small secretariat.

My experience suggests that inter-territory summits *à deux* seldom get to the heart of any matter and more often than not create suspicion and jealousy among the non-participants. Only by sustained collective discussion at the top level over a period of years can the understanding and confidence which will lead to the creation of the sort of Europe from which we can all benefit. This suggested additional machinery could only improve the working of the existing set-up in Brussels.

Yours faithfully,  
DENIS GREENHILL,  
25 Hamilton House,  
Vicarage Gate, W8.  
August 13.

# LETTERS TO THE EDITOR

staff has gone on holiday. In September/October a British election is likely to cause further stagnation until the outcome is known. And by then it is probable that the Italians will be suffering from a further bout of political turmoil.

In circumstances of such *opéra bouffé* it is hardly likely that the Common Market can be taken very seriously. Further, even if it does get going again in October, British voters will be hamstrung by the failure of Parliament to debate important matters referred to it by the Scrutiny Committee.

The only way in which the Common Market could ever begin to work with any efficiency is if the Nine countries integrate into one further federated European Government—in other words, as a federal state with the present member states reduced to provinces within that state.

The sooner this is realized the better. It is time that the jargon of double-talk is ended. Those who supported political, economic and monetary union by 1980 (as expressed at the Summit Meetings) should stop obfuscating—particularly over the meaning of "political union". To shroud this objective in benevolent double-talk is to mislead the public.

The question is this—is the Common Market to develop along the road towards a federal state or is it to be a group of countries cooperating rather like the Commonwealth? There is no effective middle way.

The British people are entitled to know what aim leading politicians in each party have in mind. If it is a federal state then this goes right against the undertakings given at the time of entry—and the British people would have none of it. If it is merely close cooperation then this should be made clear to all, including the other members of the Common Market.

In the latter case, as a show of bona fides, an improved version of the Luxembourg Agreement (commonly called the "Treaty of the Veils" or Rome by means of a Protocol—then at least we shall begin to know down which road we were being steered).

Yours sincerely,  
NEIL MARTEN,  
House of Commons,  
August 12.

# Ulster's voice at Westminster

From Lord Brookeborough, Unionist Member for North Down, Northern Ireland Assembly  
Sir, The recent controversy surrounding the position of the 11 Ulster Unionist Members, and whether or not the Conservative Party has made overtures to them has two important facets.

It is not important that Mr Heath should choose to talk to the Ulster Unionists who do, after all, represent a viewpoint. Mr Heath and, indeed, Mr Reid, are right to talk to the Ulster Unionists. Both are probably aware that the next election could easily be as indecisive as the election on February 28 and, consequently, realize that as many doors as possible should be opened.

The controversy, however, has served to highlight the fact that Ulster is grossly under-represented at Westminster, and this was acknowledged by the Kilbrandon Commission. Compared with Scotland, Northern Ireland is grossly under-represented. A Northern Ireland election is almost 100% less represented than one in Scotland.

This abuse could, in times past, have been excused because Ulster had a devolved legislature. This is no longer the case, and we are unlikely to have one for a considerable period of time. The destruction of the Executive and the prorogation of the Assembly has produced an almost colonial style of government in Northern Ireland. The people of Ulster have no influence or very little influence, in the vital decisions affecting their future, especially taxation.

It is inexcusable that Mr Wilson should use Ulster's under-representation which is a denial of a basic civil right, as a vote-catching political gambit for the Irish voters in English constituencies.

The rumours that more Ulster seats are available in return for support in the lobbies and not as a matter of justice, I find wrong. If the rumours are correct, then a dangerous precedent will have been set. Representation in the Mother of Parliaments will have become a pawn in the power game, and the prestige and influence of Parliament seriously undermined.

Yours faithfully,  
BROOKEBOROUGH,  
Northern Ireland Assembly,  
Ashbrooke, Brookeborough,  
Co Fermanagh,  
August 13.

From Mr A. Edwin D. Fleming  
Sir, Mr Chris Gent (August 10) condemns gerrymandering by Unionists in Northern Ireland—a practice which ended years ago. How then can he justify his objection to giving Northern Ireland representation at Westminster on the same basis as England, Scotland and Wales? Is gerrymandering all right if organized by Westminster?

In the 1974 General Election the United Unionists won 11 out of 12 seats based on boundaries drawn by the Westminster Boundary Commission. The political leaders at Westminster deserve some more constructive advice from the Young Conservatives of Greater London (of which Mr Gent is Chairman) than that they should (1) deny the people of Northern Ireland their due number of seats at Westminster, and (2) that they should ignore any representatives elected from the Province because they express the feelings of the people who elected them.

Yours faithfully,  
A. EDWIN D. FLEMING,  
30 Whirlowdale Crescent,  
Sheffield,  
August 10.

# E REGISTRAR GENERAL'S YO-YO

Registrar General's latest return confirms the sense of the population—those, that is, who demand a "populosity" in the United Kingdom. There have been many successive governments to manipulate the future of the population by seeking to increase the birth rate. Ministry of both hues who have d in the subject have been not to cause offence to so table a fashion, but they to their credit, refrained alling in with it.

grounds for scepticism principally in the vicinity Maundling's nightmare for Secretaries, a policeman every head. It is not just a means of making effect a policy only have to be to be disqualified in the society we envisage for res. Rather, knowledge future trends and about uses of fluctuations in y is not sufficient to permit actice of that variety of engineering.

are many countries with alcohol problems than . But they are increasingly here, as yesterday's as of offences of drunken- as year confirm. They an increase of 10 per cent st year, and an increase than 30 per cent in young under eighteen. Figures on convictions are never irectly accurate guide to the state of affairs, because spend on decisions by the whether or not to bring s, and so reflect attitudes differ over a period of id from place to place. But istics fit in with the in- ns of workers in the field, ith the trend of other. Convictions in this cate- ively roughly doubled in the enty years, while drunken offences have been rising ore rapidly.

Take trends. Ten years ago the Government Actuary and Registrars General for the United Kingdom estimated that the population at the end of the century would be 74,600,000. Yesterday the Office of Population Censuses and Surveys put out an estimate of 59,368,000. That is a drop of 15,000,000 people, the equivalent of Greater London twice, or almost one third of the present population of England. A policy of intervention would have disappeared into that chasm without trace.

Today's projection, which must be treated with the same respectful reserve as yesterday's, is of an almost static population during this decade, and a resumed moderate rate of increase through the next decade diminishing through the following two decades until in the year 2011 there would be about 4,750,000 more of us than there are now. If that is right, we have 37 years in which to cope with as many extra as we have just coped with in 17 years. Should be possible.

The most striking aspect of the figures is the rise in drunkenness among those under eighteen. The proportionate increase is of the same order as the increase in the number of boys aged fourteen to sixteen found guilty of indictable offences or cautioned in the same period. The fact that there are about seventeen offenders of that kind for every one who drinks too much sets the alcohol problem in perspective, but it is natural to suppose that there is some association between the two. It is against the law for bars and off-licences to sell drink to anyone under eighteen, so that the chances are that most of these cases involve the obtaining of drink by illegal means. Earlier maturity, the waning authority of parents and teachers, and the shortcomings of penal policy are also relevant to juvenile drunkenness.

The main cause of the increase among young people is that they have more money these days.

In modern Britain the quinquennial variations around replacement rate have been more frequent and less wide of it than in those nations which really do have a population problem. This means that we are in the enviable position of being able to afford to let the birth rate look after itself—enviable because of the difficulty of doing anything else. People who itch for the government to take a grip on population trends would saddle it with a far-reaching and quite unnecessary responsibility when it is having difficulty enough in discharging the necessary and pressing responsibilities it already has.

The population question within the United Kingdom should be classified for the purposes of political action with the weather. It is something you try to forecast, and as often as not get wrong; something you do not waste time trying to regulate, but to which you adapt arrangements and revise plans as the need arises.

Many sixteen-year-olds can pass for eighteen without much difficulty, and the spread of off-licences in the past few years has made it much easier to get hold of drink. If the trend continues it will be necessary to consider requiring stricter checks on age.

Even though most of them will get away with nothing worse than a headache, the more young people there are who experiment with drink too enthusiastically, the more alcoholics there are likely to be later on. It is the problem of the adult drinker who has entered the characteristic pattern of alcoholism that gives the most cause for concern.

Society still far from knowing how to cope with a disease that hundreds of thousands of people suffer from, and which today, years after it became official policy to provide "drying-out centres" for habitual offenders, is still too often treated by repeated and useless doses of imprisonment.

From Mr Neil Marten, Conservative MP for Banbury  
Sir, Ronald Grierson, in his critical analysis of the Common Market, overlooked one reason why it fails. In the first half of 1974 the Common Market was effectively stagnant over a wide front. In February there was the British election, in March the Belgian election, in April the death of the French President, and in May the resignation of the German Chancellor. During this period of intense crisis in the world major decisions in the Common Market were delayed while individual nations sorted out their own politics.

For example, when the Finance Ministers met in June, it was their first meeting for four months—and that during a period of major economic crisis! This surely illustrates the absurdity of the *modus operandi* of the Common Market.

And, now, for all of August, its

Wealth tax proposals  
From Mr John Wendon  
Sir, I fail to understand Mr Healey's redistributive intentions in proposing a Wealth Tax. Were I to own £150,000 of assets, then I would be taxed £10 annually in respect of these. If they are productive assets, the effect is simply an added levy on such income as I may derive from the assets; and accordingly it is income tax.

But if they are fixed assets such as a home, an endowment policy or a large amount of TV, I service the tax on this wealth (whether immediately or on a postponed basis)? I could do so either out of income from another source and then again it is income tax, or I must do so by selling.

Suppose, then, that I must sell. Suppose the resulting cash diverted to Mr Healey accrue to the nation as a net addition to its disposable wealth? Does it remain wealth or is its redistribution in effect an increment to national expenditure—spent on pensions, housing subsidies, armed forces and social service or whatever? Then Mr Healey is proposing to use my capital as his income. But that must be wrong, for consumption must be financed out of income or the result is collective impoverishment, and Mr Healey cannot have that intention.

# HMSO printing dispute

From Mr Frank Davey  
Sir, Mr Nicholas Levison (*The Times*, August 13, comments on the availability of the Wealth Tax Green Paper and the Capital Transfer Tax White Paper, while the Finance Act 1974, which came into force on receiving Royal Assent on July 31, is not yet published.

The effects of HMSO's printing dispute are substantially confined to our own presses. In consequence publications, including Acts of Parliament, are normally printed at other works, cannot be published while the dispute continues. However, two-thirds of HMSO's printing, including Green and White Papers, is placed with private contractors. Their publication therefore remains so unaffected.

HMSO sensibly attempt to transfer to private firms work such as the printing of Acts, which our presses normally do, since the predictable consequence would add to the difficulty of reaching a settlement. HMSO is acutely conscious of the difficulties and inconveniences to the public created by the present situation and is doing its utmost to get its presses back to work.

Yours faithfully,  
FRANK DAVEY,  
Head of Publishing,  
HM Stationery Office,  
Atlantic House,  
Holborn Viaduct, EC1,  
August 14.

# Radiographers' claim

From Mr R. A. Bird  
Sir, I refer to your leader "Medical Militancy" (August 7). One fact needs to be put straight away.

The Association of Scientific, Technical and Managerial Staffs represents largely to the efforts of proportion of radiographers and we have never agreed the radiographers' claim go to Lord Halsbury. For that matter neither has the committee negotiating the claim (JPTA "D"—in Whitley Council report) and there have never been any negotiations about problems under discussion since 1969 and the subject of a specific claim in April of this year.

Management abdicated from their responsibilities and passed the buck to Lord Halsbury—but it will not do. Radiographers have had 30 years of somebody else's handouts, usually in the form of pay now recognized by the minister as the result of this. Only real collective bargaining and acceptable agreements reached as between equals can put this right. The handout days are going, and not before time.

Yours sincerely,  
R. A. BIRD, National Officer,  
ASTMS,  
10-26A Jamestown Road, NW1.

# The Panovs in Britain

From Mr E. A. Young  
Sir, Since Mr and Mrs Panov are guests in this country, and owe their present liberty largely to the efforts of this country's citizens, would it not be more courteous of them to refrain from taking part in political demonstrations? I have the honour to be, Sir, Your obedient servant,  
E. A. YOUNG,  
Flat 3,  
28 Elm Park Gardens,  
Chelsea, SW10.

# HILLS AND FORESTS

From Bryn Jones  
How much more moorland, in and open hill country will flowed by the forestry in before we cry halt? Three to I gathered bilberries on and lovely hillside in Shrop- recently acquired by the y Commission. Already have been planted in densely used rows and soon the hill- the heather and the open

attractive aspect of the hillside will be lost for all time.

The same thing is happening across vast tracts of moorland and mountain within the Snowdonia National Park where I have walked for years. Farmhouses stand empty amidst an ugly alien landscape. The sheep have been ousted by conifers and the natural vegetation of the mountains destroyed in the dank gloom of the fir forests.

This irreparable loss of Britain's open high country is to be bitterly

regretted and not only by hill walkers such as myself. The depopulation of our high-lands has been hastened as hill-farmers give way to conifer plantations and the unique character of mountain and moor swamped in a monotonous, endless sea of fir. Will no one in authority end this wanton vandalism of our mountain landscape?

Yours sincerely,  
BRYN JONES,  
43 Redston Road, N8,  
August 13.

# Television and crime

From Mr Milton Shulman  
Sir, While Mr Denis Forman (letter August 8) believes that a link between TV and violent crime in the United Kingdom, he offers as an alternative explanation for our rising crimes of violence, wild generalizations about the prevalence of violence in Africa, Latin America, Northern and Eastern Vietnam.

To answer a statistical case with speculation, surmise and no statistics or facts of any kind is hardly the way to win an argument.

The fact is that countries that provide a large amount of TV violence, i.e. Britain, America, Canada, show a consistent pattern of rising violence among the young. Countries that do not provide such a steady diet of violent TV programmes may show some rise in youthful violence, but nothing like the drastic escalation in the countries I have mentioned.

I challenge Mr Forman to produce one single country not involved in violent political strife, i.e. Ulster, Luxembourg, Chateau de Dreilhorst reproduced or surpassed Britain's sevenfold increase in violent crime in the 17 years since Granada TV came on the air.

In any case all Mr Forman's

arguments and stonewalling tactics were used by his American counterparts when they presented their evidence to the Surgeon General's Advisory Committee on television spending one million dollars and sifting through three years of research and five volumes of technical reports, the committee decisively rejected Mr Forman's case by finding a positive and meaningful link between TV violence and social violence.

Said Senator Pastore, Chairman of the Senate Committee that received the Surgeon General's report: "We now know there is a causal relation between televised violence and antisocial behaviour which is sufficient to warrant immediate remedial action. It is this certainty which has eluded men of good will for so long."

As Chairman of Granada TV, Mr Forman would be better advised contemplating what "immediate remedial action" should be taken by TV companies in this country rather than persisting in a campaign to dissociate himself and his colleagues from sharing some of the blame for this nation's appalling crime rate among the young.

Yours faithfully,  
MILTON SHULMAN,  
51g Eaton Square, SW1,  
August 13.

# The liner France

From Mr Guy Richer  
Sir, Much has been written and said regarding the misadventure of the liner France, particularly over the past few months since there has been speculation regarding the future of the ship.

At the same time, some items of fact have been either misquoted or distorted and while one can accept that a certain amount of conjecture is inevitable, it is sad when an edge of unfairness is allowed to come in.

Certain comparisons between the France and the QE2 continue to be made, and there is nothing wrong with this, provided the record is kept straight.

Even *The Times* erred last Saturday (August 3) in stating that the France had this year been carrying 1,200 or so passengers each week across the Atlantic (rather less than the QE2). The truth is an average of 1,229 and an overall load factor of 80.34 per cent—incidentally 87.6 per cent in first class.

To counter another frivolous claim, reported elsewhere a while ago, the France, in attaining comparable speeds and indeed splendid mechanical reliability, only consumes 20 per cent more oil than QE2, not twice as much.

However, the encouraging fact is clear that there are still plenty of people wanting to travel by sea and I hope the QE2 will long continue to attract and bring pleasure to her passengers and success to her owners.

Yours faithfully,  
GUY RICHER,  
Manager Director,  
France Line (UK),  
20 Cockspur Street, SW1,  
August 6.

# Royal Agricultural Hall

From Sir John Betjeman and others  
Sir, Readers of *The Times* will have learnt (July 25) that one of the great buildings of the nineteenth century, the Royal Agricultural Hall in Islington, is threatened with demolition. The "Aggie", as it became known to Londoners, was built in 1862 on the same heroic scale as the Crystal Palace and St Pancras Station.

It has been the scene of an uncountable number of exhibitions, pageants, circuses and competitive events. On one occasion more than twenty thousand people teemed inside the Hall, "many hanging from the great galleries and piers", when John Stuart Mill addressed the Reform Movement. It was a vital focus of national life: the rumour-mongers to an historical amnesia, if the Royal Agricultural Hall were to be razed from the London townscape. We urge those who would endorse our view that this must not happen to write their objection against the application for demolition to the Secretary of State for the Department of the Environment.

Yours faithfully,  
JOHN BETJEMAN,  
HUGH CASSON,  
NIKOLAUS FEVSNER,  
JACK SIMMONS,  
BASIL SPENCE,  
As from 31 Anwell Street, EC1.

# Luxembourg wines

From Mr Fritz Hallgarten  
Sir, Re *The Times* Saturday Review of August 10, Section "Drink".

To keep the records straight: Luxembourg wines were first introduced nine years ago, but before your Correspondent Pamela Vandyke Price was born.

Messrs B. M. & J. Strauss had imported a Remicheur for many decades, when in 1935, I started to offer a full range of Luxembourg Moselles in an endeavour to boycott Nazi Germany. One of my important customers, The International Exhibition Wine Society, sold a Remicheur with site name to its members at £1 6s (equal to £1.30) per dozen bottles to its members, my price to them, duty paid delivered was £1 2s 11d.

Luxembourg wines were again imported after the war and have been imported ever since. Spurling Luxembourg, Chateau de Dreilhorst, Martin, made by the *methode Champenoise*, is available in many shops and restaurants, geographically and in taste nearest to Cham-

# Respect for the law

From Mr J. F. Avery Jones  
Sir, Legislation by statement made by the Chancellor is nothing new. What I believe is new is for a Chancellor to announce on the day an Act is passed that he proposes to amend it retrospectively.

An amendment made to the Finance Bill at the report stage remained the starting point for the investment income surcharge at £2,000 instead of £1,000 (£1,500 for persons of 65) proposed in the Budget. On July 31, 1974, the Bill containing this amendment was duly passed, and on the same day the Chief Secretary to the Treasury said: "It is my right hon friend's intention to lay proposals before the House to restore the starting point for investment income surcharge for 1974-75 to the levels he originally proposed."

It is hardly surprising that Sir Peter Rawlinson (August 2) should consider the disrespect for the law was linked to disrespect for the law-makers.

J. F. AVERY JONES,  
St Vedast House,  
150 Chesapeake, EC2.

# Statutory lie

From Mr Austen Spearing  
Sir, The Reverend Mark Ruston (August 8) offers sound advice for those of his impeccable status who are asked to give an unconditional receipt in advance of the money.

We lesser mortals can protect ourselves by inserting the words "by cheque" after "received". Absolute proof of payment would then require production of the cleared cheque as well as our qualified form of receipt. (It would also save work and postage).

Yours faithfully,  
AUSTEN SPEARING,  
4 High Street,  
Foxton,  
Royston.

# The Lord's wicket

From Sir Harold Evans  
Sir, What hysteria about the leaking covers at Lord's! Cricket is a game designed to be played in the open air. Differing skills are required as weather conditions vary, that is the fascination of cricket. There should be no question of creating artificial conditions by covering wickets.

As to Derek Underwood, let us not tribute to a superbly skilful display of bowling in conditions that happened to suit him—which they rarely do.

Yours faithfully,  
HAROLD EVANS,  
5 Chalfonts Close,  
Kortingdon,  
Brighton, Sussex.

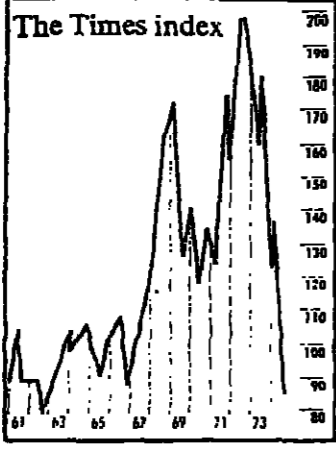


THE TIMES BUSINESS NEWS



Unilever's second quarter profits fall sparks fresh setback in share prices

Unilever's second quarter profits fell sharply, sparking a fresh setback in its share prices. The company's earnings were down 10 per cent on a 10 per cent increase in sales.



The Times index rose 10.1 points to 214.3, its highest since February 1973. The index was up 0.88 points from 213.43 at the close of the previous session.

France has second worst deficit of year

France has recorded its second worst foreign trade deficit of the year, according to figures issued by the Ministry of Economic Affairs.

The French post office has announced that it will increase its rates by 50 per cent in the next month. This is the first change in three years.

Lower tender from France gains order for Occidental oil platform

A tender for the Occidental oil platform has been awarded to a French contractor. The tender was 10 per cent lower than the previous one.

The structure will involve about 15,000 tonnes of high quality steel. A Department of Energy spokesman said last night: "We have obviously been aware of the negotiations between Occidental and UIE and indeed there have been discussions between the two of them and this department."

Car industry exports may top imports by £1,000m

Exports by Britain's motor industry could top imports by nearly £1,000m this year, according to the latest forecasts. In the first six months of the year the value of the industry's total exports was £878m, says the Society of Motor Manufacturers and Traders.

Ashbourne triumph Takeover Panel

The Takeover Panel has ruled in favour of Ashbourne's bid for Crest Inter-Continental Securities. The panel found that the bid was in the best interests of shareholders.

The consortium of companies headed by Crest Inter-Continental Securities has finally won the approval of the Takeover Panel governing its bid for Ashbourne Investments, of which it owns 43 per cent.

Sunley cool over Eagle Star's move

Eagle Star Insurance, which withdrew its offer for Sunley Investment Trust, has been cooled by the Takeover Panel's decision.

The Sunley directors have however decided that "no offer is likely to be acceptable until the present uncertainty in the property market has been clarified and it becomes possible to prepare a realistic valuation of the group property portfolio which is satisfactory to all parties concerned."

OPEC meeting aims to keep prices up

Attempts to coordinate pricing and sales strategies in order to maintain the present high oil prices will be made today when representatives of the national oil companies of the Organization of Petroleum Exporting Countries meet in London.

The crucial difference between borrowing to finance consumption and borrowing to finance investment is not widely enough appreciated, they state. They argue that the increase in oil prices is bound to result in a fall in real wages and real profits in the West, but this need not lead to higher unemployment.

Warning on oil hopes borrowing

Higher oil prices have made it more difficult for governments to reconcile full employment with reasonable levels of inflation, and there is likely to be a greater bias towards recession-inducing policies. But, unlike in the 1930s, governments can avoid mass unemployment, they say.

State gas hunt in Irish Sea

An independent exploration for oil and gas in the Irish Sea will begin next week. It will be the first time that the state gas undertaking, which is involved with other partners in the North Sea, has undertaken a separate exploration.

The Gas Corporation has held a licence for the block since 1970. There is speculation that the Gas Corporation's drilling may produce an important find in view of the circumstances surrounding Gulf's earlier drilling.

DAGGAFONTEIN MINES LIMITED

Interim Report for the half-year ended 30th June, 1974. Financial results table showing revenue, expenses, and profit for the period.

The following are the unaudited results of the company for the half-year ended 30th June 1974 together with comparative figures for the half-year ended 30th June 1973 and the year ended 31st December 1973:

Ford 'no change' spurs 16-point Wall St drop

Share prices have fallen to levels even below the levels reached when speculation started that Mr Nixon was about to resign. The Dow Jones industrial average is now at its lowest point in four years.

5. Increased government productivity by reviewing all regulatory activities, purchasing practices, and allocation and price support programmes. 6. Strong opposition to a return to mandatory wage and price controls, but support for the establishment of a Cost of Living Council to monitor wages and prices to expose abusive increases.

Mr Kenneth Rush, the President's economic counsellor, gave a detailed account of Administration policy thinking to the senate's committee on the budget today. This report showed that the cornerstones of economic policy appear to be identical to those Mr Nixon favoured.

Mr Simon told the Senate Finance Committee today that reducing inflation to acceptable levels could take two to five years, even if all necessary steps were taken right away. Congress is expected to give the President the new Cost of Living Council he wants by Thursday. For many observers the council is a first move towards reintroducing wage and price controls.

8,500 are laid off in disputes at British Leyland

More than 8,500 British Leyland workers were still laid off yesterday because of continuing labour disputes affecting four plants. All Rover car production at Solihull, Birmingham, together with Land-Rover and Range-Rover output has now been at a standstill for three days because of an unofficial strike by 150 inspectors who are demanding regrading into a higher pay bracket.

How the markets moved

Table showing market movements for various commodities and currencies. Includes sections for Rises, Falls, and Equities.

THE POUND

Table showing exchange rates for various currencies against the pound sterling.

On other pages

Table listing other pages in the newspaper and their main topics.

SOUTHVAAL HOLDINGS LIMITED

Interim Report for the half-year ended 30th June, 1974. Financial results table and detailed notes regarding the company's operations and financial position.







FINANCIAL NEWS

Buoyant £3.3m at Reardon Smith with strong second lap indicated

By Tony May
Going from a loss of £550,000 to a profit of £3.8m last year Reardon Smith Line made an impressive recovery and the first six months of the current term also shows a "considerable improvement".

man, comments that these estimated interim figures confirm the optimistic tone of his recent statement.
The company's fleet is covered by many forward contracts for the rest of the year, and the board is confident of achieving satisfactory results for the second half. This, of course, indicates an advance for the full term, and as the interim dividend is maintained at 2.5p gross the board intends to pay

the bulk of the allowable total, 3.43p gross, against 2.5p, at the end of the year.
However, if restrictions are eased or removed, the directors will consider the payment of a still higher dividend, which would be fully justified by the results, and financial position.
In spite of the uncertainties in the commercial world, the company remains in a strong position and continues to investigate investment opportunities.



Mr. J. E. Head, chairman of H. Brammer: wider and stronger investment base.

Brammer well on way to target of £2m

H. Brammer, makers of transmission belting and distributors of bearings, look to be well on the way towards achieving their target of taking a "long stride" towards profits of £2m this time.
Out of interim sales increased 64 per cent to £8m the pre-tax after interest grew 82 per cent to £959,000 and the dividend goes up from 2p to 2.08p. Before interest paid of £98,000 (£5,000 received) trading profit was more than doubled to £1.05m.

Big interim leap by Black & Edgington

Now relying less on its seasonal camping business Black & Edgington return interim profits up 86 per cent to £779,000 pre-tax out of turnover expanded 65 per cent to £10.6m.
Even though a part of this increase is due to the inclusion of new subsidiaries the company reports a "very substantial improvement" in most areas of its operation.

Mr Robin Dudge, chairman, says that while it would be dangerous to be too optimistic in the present economic conditions, current trading is buoyant and it appears that in most areas, particularly on the retail side, the group is insulated to some extent from recessionary tendencies. "Camping flourishes where there is a demand for less expensive holidays," he says.

B. Wardle aims for record

The board of Bernard Wardle, makers of vinyl coated fabrics, etc. warns that there is clear evidence that turnover and profits are being affected by lower activity in consumer industries generally.
If this lower activity continues, the second half will not be significantly higher than the first, although the board certainly expects a record year in all respects.

Meanwhile, sales for the half year are up from £4.7m to £7.1m, and taxable profits go forward from £441,000 to £648,000. The dividend is increased from equal to 0.31p to 0.64p.

General Engineering

Turnover of General Engineering (Radcliffe) has reached £3.4m with a rise of £1m, and taxable profits are the best for some time at £307,000, against £119,000.
Shareholders will receive a dividend of 1.48p, against 0.85p, on net profits of £175,000 against £31,000. Net earnings a share, 2.5p (1.3p).
The board says that profits fell short of budget because of

Heywood Wms hold steady

In the face of a heavy increase in interest charges, the three-day week and a reduced contribution from South Africa, Heywood Williams, makers of metal windows and other building products, maintained profits last term. But to conserve resources the dividend is cut from 5p to 2.5p.

After interest up from £216,000 to £415,000 the pre-tax came out £1,000 higher at £502,000 and was earned from turnover expanded from £11.8m to £13.7m. At half-way profits had been 19 per cent down, but over the final six months there was a 15 per cent advance.

Marshall Morgan

Following up last year's jump in taxable profits from £467,000 to £558,000, Marshall Morgan & Scott has doubled its interim profit, from £82,000 to £105,000.
On attributable profits up from £42,000 to £50,000, the dividend is being raised from 1p to 1.05p. Turnover is ahead from £2.57m to £4.12m.

The board says trading has been most encouraging, and the group is well placed to continue its profit growth.

Lambert Howarth

Although costs continue to rise steeply, the board of the Lambert Howarth Group of shoe and slipper makers hopes to at least maintain its turnover rate in the second half, which points to a "satisfactory" full year.
Meanwhile, taxable profits have risen from £183,000 to £237,000 on turnover of £4.27m, against £3.58m. Net profits have improved from £131,000 to £160,000, and shareholders will receive a payment of 1.2p compared with 1p.

Midterm profits doubled at Reed & Smith

Reflecting the buoyant state of the paper market and current reorganization, Reed & Smith, the Devon-based group, more than doubled profits from £323,000 to £714,000 pre-tax in the half to June 30.
For comparison purposes the 1973 figure has been adjusted to include all companies now in the group.
The company says that because of the present industrial uncertainty particular care has been taken to provide against all contingencies and the results serve to endorse an earlier view that the final return will show a "very considerable improvement".

Tax takes £392,000 (£165,000) but after adding back a surplus on the disposal of property and investments, the attributable comes out at £358,000, against £191,000.

Allied Insulators surge

In spite of costs rising at an unprecedented rate and restrictions on production, Allied Insulators report a big leap in profits at interim time, which at £313,000 pre-tax shows a surge of some 200 per cent over the same period. Turnover rose from £2.71m to £3.56m.
Though cost escalation is expected to accelerate in the rest of the year, the board, on the basis of good order books, are confident on the future.

'Outstanding' result by Capitol-EMI

Restated to comply with United Kingdom accounting, the results of Capitol Industries-LMI, the United States subsidiary of EMI Ltd, show that profits before tax soared 63 per cent to £17.35m (£7.23m) for its last term to June 30.
The profit was achieved on sales less than 5 per cent higher, at \$149.5m. A few extraordinary items the attributable improved from \$3.9m to \$5m.

Commenting on the performance Mr John Reed, deputy chairman and chief executive of the EMI Group, said Capitol had once again produced "outstanding" results which reaffirmed its position as a United States music industry leader.
They also underlined its basic strength and continuing growth potential.

Sandeman seeks to buy out preference shares

Geo. C. Sandeman, the port, sherry and brandy shipper, is planning to buy out its 426,016 31 per cent preference shares as a prelude to increasing its borrowing powers.
The preference shareholders have the right to block the increase in the borrowing powers which Sandeman now needs for the continued expansion of the business.
Sandeman is bidding 58p for each share, equivalent to an exit yield of 9 per cent. This puts a

total value on the preference shares of nearly £250,000. They were last traded in May at a price of 37p.

The problems that can arise when companies with preference shareholders wish to increase their borrowing powers became evident earlier this year when proposals put forward by Alfred Herbert came close to being blocked by its largest preference shareholder, John James.

Inchcape profit more than doubled; continuing prosperity from diverse and world-wide activities.

Extracts from the Statement of the Chairman, The Rt. Hon. The Earl of Inchcape

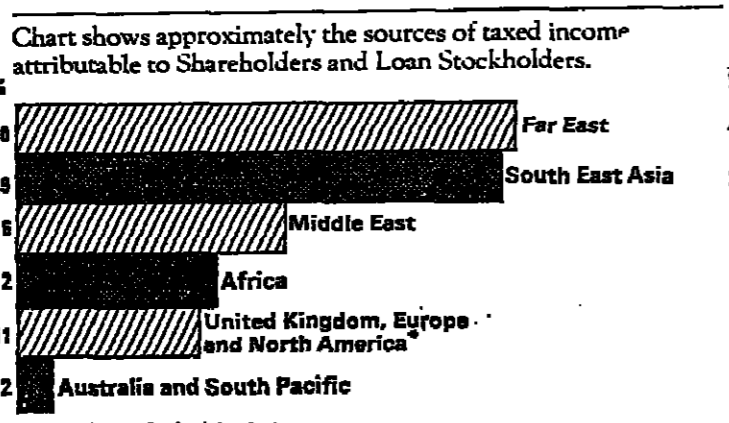
Profit before taxation increased from £14,923,000 to £30,103,000; profit available to ordinary shareholders increased from £7,463,000 to £13,875,000.
The ordinary dividend has to be restricted under the Government's Counter-Inflation Order to 9.555 pence gross per share.
The dividend is very fully covered by earnings and it is the Directors' intention to re-instate a normal dividend policy as soon as possible.
The substantial increase over the previous year was in the main the result of growth within the Group both in the United Kingdom and overseas.

In the current economic climate it would be unreasonable to expect the Group to achieve the same rate of growth this year as last, but in spite of the world-wide effects of the energy crisis, high rates of interest and fluctuations in commodity markets, the Group continues to prosper from its diverse activities in widely spread areas.
Latest information available indicates that the pre-tax results for the current year should be at least as good as those now reported, which would be no mean achievement in present world conditions.
The Group is ready to take advantage of fresh opportunities as they arise.

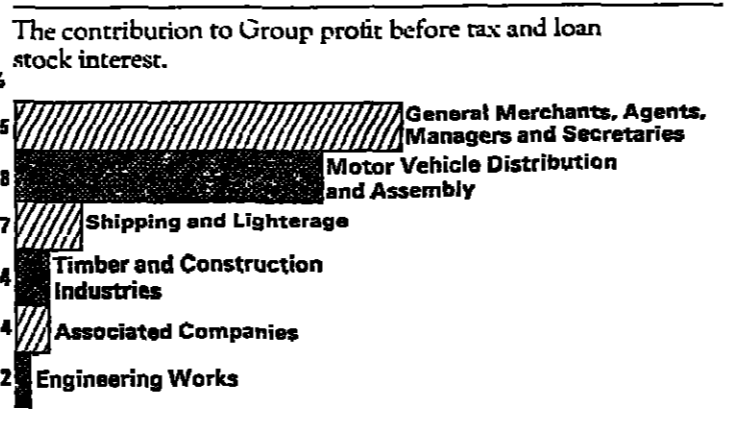
Salient features of year's results

Table comparing 1974 and 1973 results: Profit before Taxation (£30,103,000 vs £14,923,000), Profit available to Ordinary Shareholders (£13,875,000 vs £7,463,000), Earnings per Ordinary Share (41.7 pence vs 23.6 pence), Dividends per Ordinary Share (9.555 pence vs 9.1 pence), Ordinary Shareholders Capital Employed (£77,359,000 vs £47,602,000), Return on Ordinary Shareholders Capital Employed (17.9% vs 15.7%).

Where income was earned



Profit by activity



Inchcape & Co. Limited logo and name.

The Annual General Meeting will be held at 12.15 p.m. on Friday 6th September, 1974 at the Queen's Room, Baltic Exchange Chambers, 14-20 St. Mary Axe, London E.C.3.
Copies of the Annual Report & Accounts are obtainable from the Secretary, Inchcape & Co. Limited, 40 St. Mary Axe, London EC3A 8EU.

Issues & Loans
Brandts loan for Yugoslavs
Eurobond prices (midday indicators)

Table of Eurobond prices for various countries and currencies, including Venezuela, Yugoslavia, and others.

Wall Street

New York, Aug. 14.—New fighting in Cyprus and the old problems of inflation dragged Wall Street down to its lowest level today in about four years.
The Dow Jones industrial average sank 15.87 points to 740.54. The last time it closed lower was August 20, 1970, when it finished at 729.50.

NY silver retreats

New York, Aug. 14.—COMEX SILVER retreated sharply from the peak gained by the day by half. Futures closed 3.50c lower to 11.75c bid, against 12.25c bid and weaker in the dollar encouraged further bull bets in the metal.
Silver futures closed 1.00c lower to 142.50c bid, against 152.50c bid. Copper futures closed 1.00c lower to 1.00c bid, against 1.10c bid.

Table of stock market data including various indices, company prices, and financial news.

BURTONWOOD BREWERY COMPANY (FORSHAW'S)

The Twenty-fourth Annual General Meeting of Burton Brewery Company (Forshaws) Limited was held on 14th August 1974 at Burtonwood, Cheshire, Mr. RICHARD I. GILCHRIST, V.R.D., the Chairman, Presiding.
The following is a summary of the report and accounts for the year ended 31st March 1974:
Sales during the year have been buoyant and increases have been achieved, particularly in our higher priced beers. At Christmas we introduced our well known strong ale in keg, and sales have since exceeded our expectations.

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Buying clips £1,300m off shares

Stock market yesterday... Bearish account of Britain's... Poor figures from Unilever...

Distillers (87p) were unsupported... BP (308p) and Shell (170p) were also easier...

The gilts market remained depressed... The apparent collapse of trading in the equity market...

Foreign Exchange

Sterling and dollar weaker... Foreign exchanges were less active yesterday than on Tuesday...

Difficult day for discount houses

In the discount market yesterday... Discount houses were again subjected to changes of view...

Sugar futures fall by £10

SUGAR, after lunch, initially held steady... but later retraced sharply...

Commodities

COFFEE, after lunch, initially held steady... but later retraced sharply...

The Times Share Indices

Table with columns: Index, Value, Change, % Change. Includes FTSE 100, Industrial, etc.

Latest dividends

Table with columns: Company, Dividend, Yield, etc. Lists dividends for various companies like BP, Shell, etc.

Spot Position of Sterling

Table showing spot rates for various currencies like New York, Hong Kong, etc.

Forward Levels

Table showing forward rates for various currencies and terms like 1 month, 3 months, etc.

Mining

Improved interim performance Palabora... Palabora has reported a 30% increase in net profits...

Net sales were down by 10%... but the average price of the first half of last year...

Net profits rose from £1.5m to £2.7m... while the price is now running at the low £800 level...

Net sales were down by 10%... but the average price of the first half of last year...

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Authorized Units, Insurance & Offshore Funds

Large table listing various financial instruments, units, and funds with their respective values and yields.

United Kingdom

United Kingdom... The pound was weaker against the dollar...

United Kingdom... The pound was weaker against the dollar...

United Kingdom... The pound was weaker against the dollar...

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United Kingdom... The pound was weaker against the dollar...

United Kingdom... The pound was weaker against the dollar...

United Kingdom... The pound was weaker against the dollar...

United Kingdom... The pound was weaker against the dollar...

Overseas

Overseas... The dollar was stronger against the pound...

Overseas... The dollar was stronger against the pound...

Overseas... The dollar was stronger against the pound...

Overseas... The dollar was stronger against the pound...

Overseas... The dollar was stronger against the pound...

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Overseas... The dollar was stronger against the pound...

Overseas... The dollar was stronger against the pound...

Money Market

Money Market... The Bank of England raised the base rate...

Money Market... The Bank of England raised the base rate...

Money Market... The Bank of England raised the base rate...

Money Market... The Bank of England raised the base rate...

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Money Market... The Bank of England raised the base rate...

Recent Issues

Recent Issues... Details of new bond and share issues.

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Recent Issues... Details of new bond and share issues.



The Directors of Unilever announce the estimated results for the second quarter of 1974 and for the first half-year.

As has been our practice the results for the quarter and the half-year and the comparative figures for 1973 have been calculated at comparable rates of exchange being based on £1 = Fl.65 = US\$ 2.32...

Table showing Combined Results (£ millions) for Second Quarter and Half-year 1974 and 1973. Includes Sales to Third Parties, Operating Profit, etc.

In spite of a substantial increase in sales value, the second quarter was a difficult one for profits owing to an exceptional combination of adverse factors...

The cost of most of the raw materials used by our food companies remained at exceptionally high levels. The cost of chemicals and packaging materials continued to rise steeply...

Over Europe as a whole profits from detergents, edible fats and other foods were down on the second quarter of 1973. There is evidence that demand for a number of consumer products is being affected by high prices in the shops...

This and future announcements of Unilever Quarterly Results will be reprinted in leaflet form. If you wish to be included in the mailing list for these leaflets, please write to Information Division, Unilever House, London EC4P 4BQ.

London and Regional Market Prices

Heavy fall in Unilever

ACCOUNT DAYS: Dealings Began Aug 5. Dealings End, Aug 16. Contango Day, Aug 19. Settlement Day, Aug 28. Forward bargains are permitted on two previous days.

Chartered Surveyors Weatherall Green & Smith LONDON LEEDS PARIS NICE FRANKFURT

Drummond's Freedom Suitsings A cut above the rest!

Main financial table with columns for Stock, Price, Div Yield, and various market categories like Commercial and Industrial, Commonwealth and Foreign, Local Authorities, Foreign Stocks, Dollar Stocks, Banks and Discounts, Breweries and Distilleries, and Financial Trusts.

Vertical text on the right edge containing various notices, advertisements, and legal notices.

**CHARLES SUNNELL**

**BUSINESSES FOR SALE**

**Trade and Undertaking of Company For Sale**

The company manages and carries out the...  
 10. County Durham, England, the company occupies premises on a 2.5 acre site.

**CRAGS HOTEL, CALLANDER, PERTSHIRE**

Small hotel in popular tourist area, Public bar, lounge bar and function bar, 3 bedrooms and owner's accommodation. Entry fee with minimum staff.

**Equities to Wilson, Callander 30257.**

**DUE TO RETIREMENT**

The established business of...  
 10. County Durham, England, the company occupies premises on a 2.5 acre site.

**CELANESE FINANCIAL**

10. County Durham, England, the company occupies premises on a 2.5 acre site.

**SCHOLARSHIPS AND FELLOWSHIPS**

**The University of Southampton**

**RESEARCH FELLOWSHIP MATHEMATICS EDUCATION**

Applications are invited from...  
 10. County Durham, England, the company occupies premises on a 2.5 acre site.

**LEGAL NOTICES**

In the matter of...  
 10. County Durham, England, the company occupies premises on a 2.5 acre site.

**UNIVERSITY OF SOUTHAMPTON**

**INSTITUTE OF SOUND AND VIBRATION RESEARCH**

Two appointments...  
 10. County Durham, England, the company occupies premises on a 2.5 acre site.

**EDUCATIONAL**

**SCHOOLS AND TUTORS**

10. County Durham, England, the company occupies premises on a 2.5 acre site.

**DOMESTIC SITUATIONS**

**OLD-ESTABLISHED MERCHANT BANK**

10. County Durham, England, the company occupies premises on a 2.5 acre site.

**DIRECTORS' STEWARDS**

Applications are invited from...  
 10. County Durham, England, the company occupies premises on a 2.5 acre site.

**NANNY or NANNY/MOTHER'S HELP**

10. County Durham, England, the company occupies premises on a 2.5 acre site.

**PARTNERS LUNCHES MAYFAIR**

Vacancy available with...  
 10. County Durham, England, the company occupies premises on a 2.5 acre site.

**EXPERIENCED COOK**

10. County Durham, England, the company occupies premises on a 2.5 acre site.

**MARRIED COUPLE**

10. County Durham, England, the company occupies premises on a 2.5 acre site.

**INTERNATIONAL EMPLOYMENT**

10. County Durham, England, the company occupies premises on a 2.5 acre site.

**WORKING HOUSEKEEPER (RESIDENT)**

10. County Durham, England, the company occupies premises on a 2.5 acre site.

**LEGAL NOTICES**

10. County Durham, England, the company occupies premises on a 2.5 acre site.

**Women's Appointments also on page 22**

**SECRETARY**

(Unable to work normal office hours?)

American Oil Company, newly established in London, requires for Managing Director's office a Secretary who can work from late afternoon to early evening and some weekends; located in new luxury offices in Knightsbridge.

**SECRETARY, SHORTHAND TYPIST**

**INTERNATIONAL MEDICAL FOUNDATION**

Required immediately for a group of doctors associated with an International Medical Foundation. Ability to work independently. Own office in Harley Street, W1. IBM correcting typewriter. Knowledge of European languages an advantage. Salary negotiable from £1,800 per annum, plus. Excellent surroundings.

**SECRETARY**

**THE MANAGING DIRECTOR OF TIME-LIFE BOOKS?**

If you are ambitious, intelligent and reliable we can offer you a career opportunity and an interesting job where you will really become involved with your work.

**PERSONALITY SECRETARY**

**PERSONNEL MANAGER**

Young friendly Assistant Personnel Manager needs a bright, capable Secretary to lessen his burden. Not so much a Typist, she'll be a girl with tact and personality able to take the responsibilities of a Personnel Department and able to deal with many people...  
 10. County Durham, England, the company occupies premises on a 2.5 acre site.

**Appointments Vacant also on page 11**

**UNIVERSITY APPOINTMENTS**

10. County Durham, England, the company occupies premises on a 2.5 acre site.

**SECRETARY**

**DEVELOPMENT MANAGER**

10. County Durham, England, the company occupies premises on a 2.5 acre site.

**SECRETARY**

**GIRL FRIDAY WANTED**

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**SECRETARY**

**S.F.L. INTERNATIONAL**

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**SECRETARY**

**PACKAGING DESIGN GROUP**

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**SECRETARY**

**COOKERY**

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**SECRETARY**

**PACKAGING DESIGN GROUP**

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**WOMEN'S APPOINTMENTS SECRETARIAL**

**SIMPSON (PICCADILLY) LTD.**

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**WOMEN'S APPOINTMENTS SECRETARIAL**

**SECRETARY/P.A.**

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**WOMEN'S APPOINTMENTS SECRETARIAL**

**SECRETARY/P.A.**

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**Are you interested in Administration or Personnel?**

If so, we have two vacancies in our Administration Department.

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Women's Appointments also on page 21

GENERAL LIBRARIAN INTERNATIONAL FIRM OF CHARTERED ACCOUNTANTS seek an intelligent, personable and well-organized person in early 30s to take complete charge of their audit and taxation libraries.

AN INTERESTING JOB If you're good at selling, you'll be good at selling... The General Trading Company is looking for a sales representative to sell their products in the Midlands and North.

MAKE A BEEF FOR BERNADETTE A bright, young Receptionist/Typist is wanted to work in a pleasant and busy office in the City of London.

NO TIME FOR KNITTING AND NAIL VARNISH! Our receptionist/bookings/telephoneist never has a dull moment. If you're intelligent, attractive and unpretentious, you'll be perfect.

TRAINEE FOOD TECHNOLOGISTS Girls with Chemistry at 'O' level to level in the development of new food products with a leading company in the food industry.

RECEPTIONIST 20/35 We are a busy City Merchant Bank conveniently situated for all City Stations, Underground and Buses. We have the following vacancy in our Main Banking Hall where the hours are 9am/5pm.

RECEPTIONIST 20/35 THE JOB - Greeting clients and visitors - Assistance with typing (IBM Executive) THE GIRL - A conventional dress appearance - A friendly personality - Accurate typing - Able to work under pressure - A good memory for faces and names - Meets of common sense and logic THE REWARDS - Salary of £1,600 - Threshold payments - 25p LVs - Good professional prospects - Generous House Mortgage Subsidies - Christmas Bonus - Season Ticket Loans (interest free)

Brandts The Merchant Bankers

Young Economist Around £3000 In order to replace a member of staff who is moving abroad, we are now looking for a young Economist to join our Energy Department at the London Headquarters of the RTZ Group.

RTZ Please write enclosing details or telephone for an appointment to D. W. Westcott, Group Personnel Services Department (Ret.) The Rio Zinc Corporation Limited, 6 St. James's Square, London SW1Y 4LD. Tel: 01-930 2399.

WOMEN'S APPOINTMENTS GENERAL CREDIT CONTROLLER c. £2,000 p.a. Advertising Agency in W.1 urgently seeks someone with experience of Credit Control work. If you've got the ability to be charming but tough with our non-paying clients, and can type your own correspondence, we will reward you well.

SOCIAL HOSTESS ACAPULCO For leading hotel in Acapulco, Mexico, 23-33 years, experience in public relations, fluent in Spanish, English and third language. Send resume with recent photo to: Mrs. Rita Christian, Director of Operations Latin America.

WINE AND SPIRIT TRADE Young charming Receptionist with good sense of humour wanted for prestigious office in S.W.1. Some typing, salary negotiable. LVs, to start negotiating September. Telephone: 01-930 9184, J. R. Phillips & Co. Ltd.

EMBASSY STUDENTS DEPARTMENT Have vacancy for well educated and intelligent girl as clerical assistant in our Embassy in London. Salary £1,450 p.a.; hrs. 10.00-17.00. Please telephone: 01-584 4538

MARKET RESEARCHER required for well-known new product development consultancy. At least 12 months experience in market research essential. Part-time work possible. -Miss Tyler 387 7886

PHYSIOTHERAPIST offered opportunity in private medical centre in S. Kensington. Full provided in return for 2 weeks' holiday. Tel: 854 6543. -Mrs. J. J. J.

STUDENT GIRLS with or without experience in receptionist work. Part-time work. 629 2590/1551.

BOOKKEEPER on a part-time basis in a busy office in the City. Salary £1,000 p.a. -Miss Taylor, 01-636 1004.

LANCASTER GATE - Full time junior or part-time receptionist in a busy office in the City. Salary £1,000 p.a. -Miss Jones, 01-636 1004.

RECEPTIONIST 20/35 We are a busy City Merchant Bank conveniently situated for all City Stations, Underground and Buses. We have the following vacancy in our Main Banking Hall where the hours are 9am/5pm.

WOMEN'S APPOINTMENTS SECRETARIAL PERSONAL SECRETARY to work for the CHAIRMAN of the PROPERTY INVESTMENT TRUST. My husband is wanting me to work abroad and I am therefore seeking a competent, discreet secretary to fill my position.

MANAGING DIRECTOR'S SECRETARY £2,215-£2,505 plus threshold. International freight forwarding company, 23 plus, with a minimum of 5 years experience in the industry. Good salary and benefits. -Mrs. J. J. J.

HOUSE MODEL Attractive young lady for Sunning Cooper, Weymouth Street, size 10. £30 p.w. Ring Sandy 486 5365.

TWO NIGHT SISTERS required for Majorita Clinic in S.R.N. S.C.M. ESSENTIAL. Salary £2,250 p.a. (resident). Telephone: 01-292 8551

SECRETARIAL BCC SECRETARIES Salaries: From 1st October, £1,800 p.a. to £2,100 p.a. depending on experience. Recruitment interviews for vacancies in Television and Radio. -Miss J. J. J.

NO SHORTHAND £2,000 P.A. Charming young manager of private medical practice requires a lively, 21+ year old, with a flair for organisation, to arrange meetings and training courses. -Miss J. J. J.

SECRETARY/P.A. To calm a young team of female shopkeepers. Preferred candidates should be 21+ years, with a flair for organisation, to arrange meetings and training courses. -Miss J. J. J.

SECRETARIAL MAKING A CAREER IN PUBLISHING? Our young Home Sales Manager needs an enterprising and efficient SECRETARY/P.A. to help him run his expanding sales force and lively department in Britain's fastest growing Paperback house.

SECRETARIAL MAKING A CAREER IN PUBLISHING? Our young Home Sales Manager needs an enterprising and efficient SECRETARY/P.A. to help him run his expanding sales force and lively department in Britain's fastest growing Paperback house.

SECRETARIAL MAKING A CAREER IN PUBLISHING? Our young Home Sales Manager needs an enterprising and efficient SECRETARY/P.A. to help him run his expanding sales force and lively department in Britain's fastest growing Paperback house.

WOMEN'S APPOINTMENTS SECRETARIAL SECRETARY WOMEN'S ADVERTISING AND PUBLICITY If you feel competent to deal with people and look after a busy office you may be the girl we are looking for.

AQUASCUTUM LIMITED 100 REGENT STREET, LONDON W1A 2AQ 01-734 6090, EXT. 216

PERSONNEL ADMINISTRATOR c. £1,900 Expanding West End Consulting firm, a hundred employees, requires a Personnel Administrator to take over the day-to-day running of the Personnel Department.

SECRETARY up to £2,500 Top class Secretary, aged between 22 and 35, required for Group Accountancy in the City of London. Good shorthand and typing skills essential.

STELLA FISHER IN THE STRAND ACADEMIC BODY Secretary of Educational Organisation. Must be a graduate of a university or college. Salary £2,200 p.a. -Miss J. J. J.

SPECHEN SIE DEUTSCH? If you are interested in a post dealing with clients' welfare in a busy office in the City, please contact: -Miss J. J. J.

MIX WITH THE OLD MASTERS! Hand Street Art Gallery director seeks a capable and experienced Secretary. Salary £2,000 p.a. -Miss J. J. J.

SECRETARY TO MANAGING DIRECTOR Intelligent, capable and experienced Secretary required for a busy office in the City. Salary £2,000 p.a. -Miss J. J. J.

SECRETARY TO MANAGING DIRECTOR Intelligent, capable and experienced Secretary required for a busy office in the City. Salary £2,000 p.a. -Miss J. J. J.

SECRETARY TO MANAGING DIRECTOR Intelligent, capable and experienced Secretary required for a busy office in the City. Salary £2,000 p.a. -Miss J. J. J.

RENTALS Luxury Chelsea Flat with 3 bedrooms, 2 bathrooms, central heating, fully furnished. Telephone 01-478 6766.

HOLLOWAY ROAD 2 luxury self-contained flats available for rent. Close to Piccadilly. Telephone 570 0261

UNFURNISHED PART FURNISHED FULLY FURNISHED An exciting new development in the City of London. Fully furnished flats available for rent. Telephone 570 0261

UNFURNISHED HIGHGATE, 3 bedrooms, 2 bathrooms, central heating. Telephone 570 0261

PHILLIPS KAY & CO. 01-629 8811

OLD BROMPTON ROAD Fully furnished 2 bedroom flat. Telephone 734 6836

EXECUTIVE MEDICAL SECRETARY CHARLEY STREET. A confidential, intelligent and experienced Secretary required. Phone 1600 D. The Firm

SITUATIONS WANTED. EX-SECURITY INSPECTOR (and former Police Officer) seeking a position in the City of London. Telephone 734 6836

FLAT SHARING. LARGE STUDIO ROOM Chelsea house with 2 bedrooms, 2 bathrooms, central heating, fully furnished. Telephone 734 6836

SECRETARY TO MANAGING DIRECTOR Intelligent, capable and experienced Secretary required for a busy office in the City. Salary £2,000 p.a. -Miss J. J. J.

Motoring

Public image of the Rover 2000

is a widespread misconception that the motives of the Institute of Motorists... are to make a public image of gear...



The Range-Rover: it does almost 20 mpg if you are careful.

with skillful, but not exhibitionist, use of the car. About eight thousand candidates are tested each year... The Range-Rover: it does almost 20 mpg if you are careful.

Car test: Range Rover For several years Rover resisted suggestions that the Range Rover should be made available with power-assisted steering... Car test: Range Rover

Grippy Japanese The first Japanese cars to reach Britain were hair-raising to drive in the rain because their cross-ply tyres had such a poor wet grip... Grippy Japanese

Stuart Marshall

Motor Show Place

Advertisement for BMW Park Lane, featuring a quote: 'If you're going to trade your car in, go to BMW Park Lane - they gave me a fantastic deal!' and a list of cars for sale.

Advertisement for 'The Chequered Flag' London's Leading Sports Car Specialists, featuring a Scimitar car.

Advertisement for Volvo New Volvos, listing models like the 164, 144, and 140 GLE.

Advertisement for Mercedes Benz 250SE, featuring a photo of the car and contact information for Robbings of Putney Ltd.

Advertisement for Mercedes Benz 280E, listing features and contact information for S.E. Smith.

Large advertisement for Chipstead of Kensington, featuring the slogan 'FOR THE FINEST EUROPEAN CARS' and a list of 'SELECTED USED CARS' including models from Rover, Mercedes, and Ferrari.

Advertisement for MotorTune Ltd., offering services for various car models.

Advertisement for Superb High Performance Jensen S.P., highlighting its engine and transmission.

Advertisement for Rolls-Royce and Bentley, listing various models for sale.

Advertisement for Audi NSU, listing models like the 100 and 100S.

Advertisement for Eurocars (London) Ltd., listing various European cars.

Advertisement for Rolls-Royce and Bentley, listing models like the Silver Shadow and Silver Ghost.

Advertisement for J.D. Barclay of Oxford, listing various cars for sale.

Advertisement for Gerald Camps West Country, listing cars for sale.

Advertisement for Rolls-Royce Silver Shadow 1970, listing features and price.

Television

estate, pressures from within and without for the old order to change and reliable... as Richard Hurdall and Bill Maynard to play out the tensions make The...

Table of television programs including BBC 2, Thames, ATV, and Westward, listing show titles and times.

Table of radio programs including Anglia, Tyne Tees, and Scottish, listing show titles and times.

Table of radio programs including Grampian, listing show titles and times.

Large advertisement for 'The Colour Centre' featuring a variety of services including car rentals, property management, and business services.

